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HEALTH SERVICE SYSTEM
ANNUAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

THURSDAY - JANUARY 8, 1987 - 6:00 P.M.

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A G E N D A

1. CALL TO ORDER.

2. PLEDGE OF ALLEGIANCE.

3. ROLL CALL:

COMMISSIONER BERNSTEIN	COMMISSIONER KRUEGER
PRESIDENT GAGGERO	COMMISSIONER PARETCHAN
COMMISSIONER JOHNSON	COMMISSIONER WALKER
VICE-PRESIDENT KATZ	

4. PRESIDENT'S REMARKS -

5. COMMISSIONER'S REMARKS -

6. ACTUARY REMARKS -

7. EXECUTIVE DIRECTOR'S REMARKS -

   a. 1985-86 DRAFT ANNUAL REPORT

8. PUBLIC COMMENTS -

9. ADJOURNMENT -

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1/13/87

HEALTH SERVICE SYSTEM
SCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JANUARY 13, 1987 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Commissioner Johnson, Vice President Katz, Commissioner Krueger, Commissioner Paretchan, Commissioner Walker

4. Minutes of Regular Meeting of December 9, 1986, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Actuarial Report

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business

   a. AB-528 Status Report
   b. Quarterly Hospital Room Rate Survey

8. New Business

   a. Certification of Average Contribution for 1987-88 Fiscal Year
   b. Adoption of 1985-86 Annual Report

9. Executive Director's Report -

10. Announcements

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
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TUESDAY - JANUARY 13, 1987 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Gaggero presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, Commissioner Krueger, President Gaggero, Commissioner Paretchan

   ABSENT: Commissioner Katz, Commissioner Walker

4. MINUTES OF REGULAR MEETING OF DECEMBER 9, 1986, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of December 9, 1986, as submitted and the motion was adopted (Vote 4-0).

5. ACTUARIAL REPORT -

   a. Monthly Actuarial Report

      Mr. Tito Rael, Rael & Letson, presented the self-funded Plan experience (Exhibit 'A') through six months which reflected that overall medical benefits were at 107%, prescription drug benefit at 85%, vision care at 104% and a loss ratio of 104% overall.

      A comparison report (Exhibit 'B') was also presented showing the monthly claims experience on a year to year basis. Both reports were ordered filed.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that two appeals were heard, one of which was continued. He made a motion, which was seconded, to approve the recommendation of the Appeals Committee (Exhibit 'C'). The motion passed unanimously (4-0 vote).

7. OLD BUSINESS -

a. AB-528 Status Report -
This issue is still pending receipt of opinions from the City Attorney. The item was continued.

b. Quarterly Hospital Room Rate Survey

Mr. Smith presented the quarterly hospital room rate survey (Exhibit 'D') for the quarter ending October 1, 1986 which reflected an average semi-private room rate charge of $462 for the San Francisco hospitals. The Board took no action to increase the amount covered under the Plan pending a better prognosis of the Health Plan's financial trend for 1986-87 and the quarterly survey as of January, 1987, which is due next month.

8. NEW BUSINESS -

a. Certification of Average Contribution for 1987-88 Fiscal Year

The results of the survey of the ten most populous counties was presented to the Board with a proposed resolution certifying to the Board of Supervisors a rate of $92.24 per month per eligible employee as the average contribution of the ten most populous counties for their employee only, exclusive of dental or optical care. The $92.24 per month would be the City's, School District and Community College District's contribution for the 1987-88 fiscal year (Exhibit 'E').

A motion was made by Commissioner Paretchan, which was seconded, to certify to the Board of Supervisors the amount of $92.24 per month as the average contribution for the 1987-88 fiscal year. The motion passed by a vote of 4-0.

b. Adoption of 1985-86 Annual Report

The Annual Report of the department,which was presented to the Board at the annual meeting,was adopted on a motion by Commissioner Paretchan, and seconded. The motion passed by a vote of 4-0.

9. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a. The Investment Report (Exhibit 'F') through November reflected interest earnings of approximately $373,000 and a current average yield of 10.03%.

b. The outstanding claim count was 2,675 as of January 9th.

c. New Explanation of Benefits and Contract Provider Statements (Exhibit 'G-1' and 'G-2') were distributed to the Board. The statements will be put into production by February 1st. It is predicted that the statements will provide more clarity for members and contractors and also reduce overall mail costs.

d. The Health Service Board election for the vacancy on the Board will be held February 23 to March 6th.

e. The proposed contract rates for 1987-88 were submitted as requested by the contract health plans before January 7th and represent rate increases of 3.2% to 8.2%.

f. The Medicare inpatient deductible went from $492 to $520 effective January 1, 1987. This increased cost is a liability of the Plan. The Medicare Part B premium went from $15.50 to $17.90 per month as of January 1st.

10. ANNOUNCEMENTS - None

11. ADJOURNMENT -

There being no further business before the Board, President Gaggero adjourned the meeting at 4:50 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE JANUARY 13, 1987 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through December 31, 1986

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 4,432,030	$ 5,284,340	114	119
Retired Employees (NM)	2,231,460	1,906,076	81	85
Retired Employees (M)	1,202,891	1,336,991	88	111
Adult Dependents (NM)	2,236,665	1,985,930	94	89
Adult Dependents (M)	241,415	236,271	76	98
Minor Dependents	859,831	1,273,247	247	148
TOTAL	$11,204,292	$12,022,853	110%	107%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 663,156	$ 585,160	90%	88%
Retired Employees (NM)	298,358	254,367	78	85
Retired Employees (M)	796,887	646,417	76	81
TOTAL	$ 1,758,402	$ 1,485,944	82%	85%
(3) VISION CARE COVERAGES				
Active Employees	$ 242,078	$ 276,039	113%	114%
Retired Employees (NM)	59,680	73,449	130	123
Retired Employees (M)	143,222	115,310	91	81
TOTAL	$ 444,979	$ 464,798	108%	104%
(4) ALL COVERAGES				
Active Employees	$ 5,337,264	$ 6,145,539	111%	115%
Retired Employees (NM)	2,589,498	2,233,892	82	86
Retired Employees (M)	2,143,000	2,098,718	84	98
Adult Dependents (NM)	2,236,665	1,985,930	94	89
Adult Dependents (M)	241,415	236,271	76	98
Minor Dependents	859,831	1,273,247	247	148
TOTAL	$13,407,673	$13,973,596	106%	104%

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HEALTH SERVICE SYSTEM
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1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - FEBRUARY 10, 1987 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Vice President Katz, Commissioner Krueger, Commissioner Molinari, Commissioner Paretchan

4. Minutes of Regular Meeting of January 13, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Actuarial Report

6. Appeals Committee - Commissioner Paretchan, Chair

7. Budget Committee

   a. 1987-88 Administrative Budget

8. Old Business -

   a. AB-528 Status Report

9. New Business -

   a. Quarterly Hospital Room Rate Survey (3rd quarter)
   b. Compromise of Third Party Lien - Yager, J. C.
      HSS No. 27377-00

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

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TUESDAY - FEBRUARY 10, 1987 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Gaggero presiding.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, President Gaggero, Vice President Katz, Commissioner Krueger, Commissioner Paretchan

   ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF JANUARY 13, 1987, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of January 13, 1987, as submitted and the motion was adopted unanimously.

5. ACTUARIAL REPORT -

   a. Monthly Actuarial Report

      Mr. Tito Rael, Rael & Letson, reported the experience (Exhibit 'A') for the 1st seven months of the fiscal year reflecting an overall loss ratio of 104% and when factoring in the interest earnings subsidy to the minor dependent category reflects a loss ratio of 101% or 1% over the expected rate. After discussion, the report was ordered filed.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that no appeals were calendared for the month.

7. BUDGET COMMITTEE -

a. 1987-88 Administrative Budget -

President Gaggero reported that the Committee met on the issue of the administrative budget for the next fiscal year which requires the department to submit a budget representing an incremental 100% and 95% of current funding.

The budget submission will total $1,834,279 at the 100% level and $1,742,565 at the 95% level. The budget contains no request for needed new permanent positions because of the funding limitations.

Commissioner Bernstein made a motion, which was seconded to adopt the 1987-88 administrative budget as recommended by the Budget Committee. The motion passed unanimously (6-0 vote).

8. OLD BUSINESS -

a. AB-528 Status Report -

Mr. Smith reported that an opinion from the City Attorney has been received indicating which retired employees are entitled to lifetime health benefits. This opinion has cleared the way to proceed on enrollment of eligibles under AB-528 as previously authorized by the Board. An opinion is still pending on the eligibility of surviving spouses.

NOTE: Commissioner Krueger arrived during this item.

9. NEW BUSINESS -

a. Quarterly Hospital Room Rate Survey (3rd quarter)

Mr. Smith reported the findings (Exhibit 'C-1' to 'C-3') as of the quarter ending December 31, 1986. They reflect that the average semi-private room rate in San Francisco is now $472 per day. The City Plan is covering up to $420 per day currently. French and R.K. Davies have increased their rates since the last quarter increasing the average by another $10 per day. In addition, Mills, Peninsula, Alta Bates and John Muir Hospitals increased their rates. The Plan is fortunately insulated from these increases because of contracts with all these hospitals.

The Board took no action on this item based on the staff's recommendation.

b. Compromise of Third Party Lien - Yager, J.C., HSS No. 27377-00

A request to approve the compromise of a lien of $5,127.25 (Exhibits 'D-1' to 'D-3') is calendared pursuant to Resolution 83-02 passed in November, 1983. Commissioner Paretchan made a motion, which was seconded to accept the compromise. The motion passed unanimously (6-0 vote).

10. EXECUTIVE DIRECTOR'S REPORT -

Mr. Smith reported the following:

a. The Investment Report (Exhibit 'E') was presented reflecting revenue earnings of $455,791 through the 1st six months of the fiscal year with an average current yield of 8.94%.

b. The outstanding claim count stands at 4,033 or about a six and one-half day backlog. Personnel on vacation in this instance have impacted the outstanding claim count significantly.

c. The resolution establishing $92.24 per month as the employer contribution rate for 1987-88 passed the Board of Supervisors on February 2, 1987.

d. Eight candidates have filed for the Health Service Board seat vacated by Commissioner Johnson. The election will be held between February 23 and March 6, 1987.

e. The Federal government as of January 1, 1987 will no longer be the prime coverage for active employees and dependents who are under 65 and on disability Medicare.

f. The Consumer Price Index for 1986 reflected that medical care nationally increased 7.7% while the overall CPI went up only 1.5%. The medical care component increase on the West Coast was 7.5%.

11. ANNOUNCEMENTS -

President Gaggero indicated that he, Commissioner Paretchan and the Executive Director attended a retirement dinner for Commissioner Johnson on Friday, February 6th.

12. ADJOURNMENT -

There being no further business before the Board, President Gaggero adjourned the meeting at 4:35 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE FEBRUARY 10, 1987
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through January 31, 1987

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 5,127,796	$ 6,061,650	112	118
Retired Employees (NM)	2,618,959	2,293,070	100	88
Retired Employees (M)	1,402,640	1,572,744	118	112
Adult Dependents (NM)	2,593,476	2,346,205	101	90
Adult Dependents (M)	282,742	274,519	93	97
Minor Dependents	994,744	1,459,414	138	147
TOTAL	$13,020,357	$14,007,602	109%	108%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 767,357	$ 665,415	77%	87%
Retired Employees (NM)	350,062	291,654	72	83
Retired Employees (M)	929,270	735,051	67	79
TOTAL	$ 2,046,690	$ 1,692,120	72%	83%
(3) VISION CARE COVERAGES				
Active Employees	$ 280,025	$ 305,714	78%	109%
Retired Employees (NM)	69,963	84,279	105	120
Retired Employees (M)	167,024	129,988	62	78
TOTAL	$ 517,013	$ 519,981	77%	101%
(4) ALL COVERAGES				
Active Employees	$ 6,175,178	$ 7,032,779	106%	114%
Retired Employees (NM)	3,038,984	2,669,004	97	88
Retired Employees (M)	2,498,935	2,437,783	95	98
Adult Dependents (NM)	2,593,476	2,346,205	101	90
Adult Dependents (M)	282,742	274,519	93	97
Minor Dependents	994,744	1,459,414	138	147
TOTAL	$15,584,060	$16,219,704	103%	104%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MARCH 17, 1987 - 4:00 P.M.

A G E N D A

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1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Vice President Katz, Commissioner Krueger, Commissioner Molinari, Commissioner Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of February 10, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

   a. Monthly Report

6. Appeals Committee - Commissioner Paretchan, Chair

7. Rates & Benefits Committee

   a. Medical Services Agreement with San Francisco Medical Associates, Inc., its participating physicians and Mt. Zion Hospital.
   b. Medical Services Agreement with St. Luke's Hospital, St. Luke's Physician Medical Group, Inc., and its participating physicians.
   c. Renewal of Agreement with Sonora Community Hospital.
   d. Laboratory Services Agreement with Central Pathology Laboratories.
   e. Proposed Rates and Benefits for Contract Health Plans for the 1987-88 fiscal year.
   f. Proposed Rates and Benefits for City Plan I for the 1987-88 fiscal year.

8. Rules Committee - Commissioner Bernstein, Chair
   a. Release of Data to Select Health
   b. Proposed Membership Rule Changes
   c. Expansion of covered Providers under City Plan

9. Old Business -

10. New Business -

11. Executive Director's Report -

12. Announcements -

13. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
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TUESDAY - MARCH 17, 1987 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:15 P.M. with President Gaggero presiding, after conclusion of an Appeals Committee meeting.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT:	Commissioner Bernstein	Commissioner Krueger
	President Gaggero	Commissioner Paretchan
	Vice President Katz	Commissioner Zvanski
ABSENT:	Commissioner Molinari	

   President Gaggero acknowledged the election of Commissioner Zvanski and welcomed her to the Board.

4. MINUTES OF REGULAR MEETING OF FEBRUARY 10, 1987, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of February 10, 1987, as submitted and the motion was adopted unanimously.

5. ACTUARIAL REPORT -

   a. Monthly Actuarial Report

      Mr. Tito Rael, Rael & Letson, reported the experience (Exhibit 'A') through eight months reflecting an overall loss ratio of 104%.

      A year to year claims experience comparison report (Exhibit 'B') was also provided to the Board. The reports were ordered filed.

8. RATES AND BENEFITS COMMITTEE - (cont'd.)

e. Proposed Rates and Benefits for Contract Health Plans for the 1987-88 Fiscal Year -

Commissioner Paretchan reported the recommendations and made a motion, which was seconded, to adopt the recommendations (Exhibit 'G') of the Committee which met on March 3, 1987 to approve renewal of the existing contract health plans for the fiscal year 1987-88. Commissioner Katz requested that he be excused from voting on items 7e and 7f because of a potential conflict of interest currently under review by the City Attorney's office. President Gaggero made a motion, which was seconded, to excuse Commissioner Katz from voting on items 7e and 7f. The motion passed unanimously (5-0 vote). The main motion also passed unanimously (5-0 vote with 1 abstention).

f. Proposed Rates and Benefits for City Plan I for the 1987-88 Fiscal Year -

Commissioner Paretchan reported the recommendations and made a motion, which was seconded, to adopt the recommendations (Exhibit 'H') of the Committee which met on March 3rd and March 10th. The motion passed unanimously (5-0 vote with 1 abstention).

9. RULES COMMITTEE -

Commissioner Bernstein reported the recommendations of the Committee on the following items:

a. Release of Data to Select Health -

Commissioner Bernstein made a motion, which was seconded, to approve a release of claims data to Select Health under specific conditions (Exhibit 'I'). The motion passed unanimously (6-0 vote).

b. Proposed Membership Rule Changes -

Commissioner Bernstein reported and made a motion, which was seconded, to adopt the recommendations of the Committee on amendments to the Membership Rules and Regulations (Exhibit 'J'). The motion passed unanimously (6-0 vote).

c. Expansion of Covered Providers under City Plan -

Commissioner Bernstein reported and made a motion, which was seconded, to adopt the recommendations of the Committee which was not to expand coverage for services of either a psychiatric registered nurse or assistant physical therapist (Exhibit 'K'). The motion passed unanimously (6-0 vote).

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that one appeal was heard and the appeal was continued for 30 days.

7. RATES AND BENEFITS COMMITTEE -

Commissioner Katz reported the recommendations of the Committee, which met on February 27th, on items a, b, c, and d.

a. Medical Services Agreement with San Francisco Medical Associates, Inc., its participating physicians and Mt. Zion Hospital -

Commissioner Katz made a motion which was seconded to adopt the recommendation (Exhibit 'C') of the Rates and Benefits Committee approving the agreements effective April 1, 1987, with the amendment of the physician agreement to reflect that physical therapy services will be reimbursed at a maximum fee of $5.58 per CRVS unit and that CRVS procedure 59400 be increased to 9.4 units. The motion passed unanimously (6-0 vote).

b. Medical Services Agreement with St. Luke's Hospital, St. Luke's Physician Medical Group, Inc., and its participating physicians -

Commissioner Katz made a motion which was seconded to adopt the recommendation (Exhibit 'D') of the Rates and Benefits Committee approving the agreements effective April 1, 1987, with the amendment of the physician agreement to reflect that physical therapy services will be reimbursed at a maximum fee of $5.58 per CRVS unit and that CRVS procedure 59400 be increased to 9.4 units. The motion passed unanimously (6-0 vote).

c. Renewal of Agreement with Sonora Community Hospital -

Commissioner Katz made a motion, which was seconded to adopt the recommendation (Exhibit 'E') of the Committee to renew the Sonora Hospital Agreement effective January 1, 1987. The motion passed unanimously (6-0 vote).

d. Laboratory Services Agreement with Central Pathology Laboratories -

Commissioner Katz made a motion which was seconded to adopt the recommendation (Exhibit 'F') of the Rates and Benefits Committee approving the agreement effective April 1, 1987. The motion passed unanimously (6-0 vote).

9. RULES COMMITTEE - (cont'd.)

d. Request of Department of Public Health for Membership Information -

Commissioner Bernstein reported and made a motion, which was seconded, to adopt the recommendation of the Committee and not release the Membership demographic and address data requested by the Department of Public Health (Exhibit 'L'). The motion passed unanimously (6-0 vote).

10. OLD BUSINESS - None

11. NEW BUSINESS - None

12. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'M') reflects interest earnings through January of approximately $537,000 with an average current yield of 9.49%. Interest earnings for the year are projected at somewhere between $930,000 to $950,000 per year.

b. The Registrar of Voters reported the results of the Board election (Exhibit 'N') and certified that Commissioner Zvanski was the winner.

c. The management letter for the 1985-86 audit from Peat, Marwick was distributed to the Board (Exhibit 'O').

d. The outstanding claims count is at 4,300 or approximately six days backlog.

13. ANNOUNCEMENTS -

a. President Gaggero reported receiving a letter from Mr. Bruce Gorman announcing that he has left Select Health to take a position with Aetna Life and expressing his pleasure with the past working relationship between the Board, staff and himself.

14. ADJOURNMENT -

There being no further business before the Board, President Gaggero adjourned the meeting at 5:10 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE MARCH 17, 1987
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through February 28, 1987

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 5,816,921	$ 6,823,652	111%	117%
Retired Employees (NM)	2,981,581	2,688,219	109	90
Retired Employees (M)	1,598,619	1,803,739	118	113
Adult Dependents (NM)	2,940,340	2,681,971	97	91
Adult Dependents (M)	323,173	296,635	55	92
Minor Dependents	1,127,657	1,701,446	182	151
TOTAL	$14,788,291	$15,995,662	112%	108%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 870,582	$ 755,473	87%	87%
Retired Employees (NM)	398,467	331,495	82	83
Retired Employees (M)	1,059,272	829,166	72	78
TOTAL	$ 2,328,321	$ 1,916,134	80%	82%
(3) VISION CARE COVERAGES				
Active Employees	$ 317,595	339,474	90%	107%
Retired Employees (NM)	79,606	94,550	107	119
Retired Employees (M)	190,371	148,761	80	78
TOTAL	$ 587,572	$ 582,784	89%	99%
(4) ALL COVERAGES				
Active Employees	$ 7,005,098	$ 7,918,599	107%	113%
Retired Employees (NM)	3,459,654	3,114,263	106	90
Retired Employees (M)	2,848,261	2,781,667	98	98
Adult Dependents (NM)	2,940,340	2,681,971	97	91
Adult Dependents (M)	323,173	296,635	55	92
Minor Dependents	1,127,657	1,701,446	182	151
TOTAL	$17,704,184	$18,494,580	107%	104%

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HEALTH SERVICE SYSTEM
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TUESDAY - APRIL 14, 1987 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein
   President Gaggero
   Vice President Katz
   Commissioner Krueger
   Commissioner Molinari
   Commissioner Paretchan
   Commissioner Zvanski

4. Minutes of Regular Meeting of March 17, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

   a. Reconsideration of Request of Dept. of Public Health for Survey Information

8. New Business -

   a. Request for Policy on coverage of AZT (For referral to Committee)

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

Dist. 'C'

SF
H25
#3
4/14/87

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - APRIL 14, 1987 - 4:00 P.M.

1. CALL TO ORDER -

   The regular meeting of the Health Service Board was called to order at 4:00 P.M. with President Gaggero presiding, after conclusion of an Appeals Committee meeting

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, Commissioner Paretchan, President Gaggero, Commissioner Zvanski, Commissioner Krueger

   ABSENT: Commissioner Katz, Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF MARCH 17, 1987, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Bernstein and seconded to approve the minutes of the Regular Meeting of March 17, 1987, as submitted and the motion was adopted unanimously.

5. ACTUARIAL REPORT -

   Mr. Tito Rael, Rael & Letson, reported the experience (Exhibit 'A') reflecting an overall loss ratio of 104% for the month and year to date. Mr. Rael made the point that March has been traditionally a high claim expenditure month, however, they were disappointed in the experience because March was a three pay period month. There was also a three cycle billing under Paid Prescriptions during March which caused a 149% loss ratio for the benefit. The excess of expenditures over revenue through March is about $888,000, however, $536,000 is intentional because of the minor dependents subsidy.

   An exhibit 'B' reflecting the claims experience for the last five fiscal years was also distributed to the Board.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported and made a motion that the recommendation (Exhibit 'C') of the Committee on two cases heard be adopted. Commissioner Bernstein seconded the motion which was adopted unanimously (4-0 vote).

7. OLD BUSINESS -

a. Reconsideration of Request of Dept. of Public Health for Survey Information -

Mary Jane Pittman, Director of Planning for DPH presented their request for employee health service information to determine the level of interest by City employees if provided SFGH and its affiliated physicians as a health plan and/or preferred provider. After discussion, Commissioner Krueger made a motion which was seconded to not reconsider the request of DPH for employee information. The motion passed unanimously (5-0 vote).

NOTE: Commissioner Zvanski arrived at the meeting at this time.

8. NEW BUSINESS -

a. Request for Policy on coverage of AZT (For referral to Committee) -

This item was ordered referred to the Rules Committee for consideration.

9. EXECUTIVE DIRECTOR'S REPORT -

a. The Investment Report (Exhibit 'D') through February reflects that interest earned approximates $638,000 with an average yield of 9.10%. Interest earned for the month amounted to $101,000 which reflected a large increase in cash balance. A revised projection of interest earnings in excess of $1,000,000 for the year is forecast.

b. President Gaggero and Mr. Smith met with the Mayor on the 1987-88 budget which was cut by 3% from $1,834,279 to $1,779,787. The Mayor areas of reduction were $11,000 from professional services, $13,606 from City Attorney, $15,000 for an annual audit and $12,000 in salary savings (Exhibit 'E').

Monies for two temporary as needed positions were approved. This request had a high priority because of the staffing needs of the department.

c. A combination of computer hardware breakdown and human error caused substantial down time during the first week of April which resulted in a huge two-week backlog of claims approximating 8,132.

9. EXECUTIVE DIRECTOR'S REPORT (cont'd.)

d. Open Enrollment packets will be mailed by May 1st to all active and retired employees. The packets will contain an announcement letter, comparison of health plans and enrollment application.

e. Maxicare will be putting on a health fair on May 14th to be held at the Public Health Auditorium at 101 Grove. The fair will include a stress management class and a nutrition and exercise class as well as other activities.

f. The last day for introduction of November Charter Amendments is May 18th.

g. A survey of 11 counties and 16 cities by the County of San Diego was distributed to the Board which again dramatically shows that the City is lagging behind most other public entities in the amount of health contribution for employees and dependents.

h. The medical CPI for the Bay Area between February of 1986 and 1987 was 8.0%.

i. The IFEB has announced the Public Employees Benefits Conference at Lake Tahoe, August 2nd - 5th.

j. The ordinance approving employee contribution rates for 1987-88 is on the Finance Committee calendar on April 15th.

k. The amendment to all physician contracts for July 1st has been sent out to all Select Health and St. Mary's Physician Associates.

l. Statements of Economic Interest are due in the System's office by April 30, 1987.

10. ANNOUNCEMENTS -

a. President Gaggero distributed new committee assignments (Exhibit 'F').

b. Mr. Frank Lucibello, Retired Employees Association, announced their annual luncheon to be held on May 28, 1987. He also invited any health plan representative who wished to make a short presentation to the May 6th monthly meeting of the association.

c. Mr. Smith announced that Tom McDonough, President, Retired Employees Association, was not in attendance because he is recovering at home from recent surgery at St. Mary's Hospital.

11. ADJOURNMENT -

There being no further business before the Board, President Gaggero adjourned the meeting at 5:51 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE APRIL 14, 1987
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through March 31, 1987

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 6,815,615	$ 7,700,217	88%	113%
Retired Employees (NM)	3,344,383	3,027,968	94	91
Retired Employees (M)	1,810,563	2,034,321	109	112
Adult Dependents (NM)	3,404,217	3,100,236	90	91
Adult Dependents (M)	363,899	342,056	112	94
Minor Dependents	1,315,892	2,011,127	165	153
TOTAL	$17,054,569	$18,215,926	98%	107%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,020,291	$ 963,699	139%	94%
Retired Employees (NM)	446,908	417,668	178	93
Retired Employees (M)	1,200,026	1,041,027	151	87
TOTAL	$ 2,667,225	$ 2,422,393	149%	91%
(3) VISION CARE COVERAGES				
Active Employees	$ 372,091	$ 376,100	67%	101%
Retired Employees (NM)	89,258	105,327	112	118
Retired Employees (M)	215,650	166,721	71	77
TOTAL	$ 676,999	$ 648,148	73%	96%
(4) ALL COVERAGES				
Active Employees	$ 8,207,996	$ 9,040,016	93%	110%
Retired Employees (NM)	3,880,549	3,550,962	104	92
Retired Employees (M)	3,226,238	3,242,069	122	100
Adult Dependents (NM)	3,404,217	3,100,236	90	91
Adult Dependents (M)	363,899	342,056	112	94
Minor Dependents	1,315,892	2,011,127	165	153
TOTAL	$20,398,792	$21,286,466	104%	104%

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5/12/87

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MAY 12, 1987 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, President Gaggero, Vice President Katz, Commissioner Krueger, Commissioner Molinari, Commissioner Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of April 14, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

   a. Coverage of AZT (Retrovir)

8. New Business -

   a. Consideration of Agreement with Medical Specialty Laboratory
   b. Quarterly Hospital Room Rate Survey
   c. Open Enrollment Status Report
   d. Request for Authorization for Staff to attend the IFEB Benefits Conference for Public Employees, August 2-5, 1987.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

Dist. 'C'

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5/12/87

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MAY 12, 1987 - 4:00 P.M.

1. CALL TO ORDER -

   Commissioner Bernstein called the meeting to order at 4:00 P.M. in the absence of the President and Vice-President of the Board.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   Commissioner Bernstein asked for a motion to elect a President Pro Tem. Commissioner Paretchan nominated Commissioner Bernstein to act as President Pro Tem. The motion was adopted unanimously (3-0 vote, Bernstein abstained).

   PRESENT: Commissioner Bernstein, Commissioner Paretchan, Commissioner Krueger, Commissioner Zvanski

   ABSENT: President Gaggero, Vice President Katz, Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF ~~MARCH 17~~ APRIL 14, 1987, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of April 14, 1987, as submitted and the motion was adopted unanimously 4-0 vote.

5. ACTUARIAL REPORT -

   Mr. Tito Rael, Rael & Letson, presented the claims experience report for April (Exhibit 'A') which reflected loss ratios of 119% for the month and 106% for the year to date up from 104% at the end of March. The loss ratio factoring in rate subsidies is 103%.

   The Year to Year Claims Experience Report (Exhibit 'B') was also presented to the Board. Mr. Smith indicated that based on unaudited records there was a decrease in net assets through April of approximately $38,000 for the year. This figure does not include any increased liability that will be established by the actuary and auditors for incurred but unpaid liability after discussion, the reports were ordered filed.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that there were no appeals for the month of April.

7. OLD BUSINESS -

a. Coverage of AZT (Retrovir)

Commissioner Paretchan made a motion which was seconded to rescind the referral of this subject to the Rules Committee. The motion passed (4-0 vote).

The Board discussed coverage of AZT, which because it is a federal legend drug, automatically makes it a covered drug under the prescription drug plan. The responses to date of four of the contract health plans indicating that they will cover AZT was also noted. It was the sense of the Board to pursue discussion with the other health plans on the possibility of a joint effort to correspond with Burroughs Wellcome, the manufacturer of the drug, in an effort to convince them to keep the cost of the drug as low as possible.

8. NEW BUSINESS -

a. Consideration of Agreement with Medical Specialty Laboratory -

A resolution (Exhibit 'C') authorizing a laboratory agreement with Medical Specialty Laboratory, a laboratory affiliated with San Francisco Medical Associates, was presented to the Board. The laboratory has locations on Third Street and Bush Street and is willing to accept the Smith-Kline fee schedule. Commissioner Paretchan made a motion, which was seconded to adopt the resolution. The resolution was approved 4-0 vote.

b. Quarterly Hospital Room Rate Survey -

Mr. Smith presented the quarterly hospital room rate survey (Exhibit 'D') which reflected an average of $472 per day in San Francisco for a semi-private room, unchanged from the last quarterly report. It was noted that the survey, which has acted as a guide to the Board in setting the maximum semi-private room rate for hospital benefits, will no longer be used when the hospital benefit changes to a straight 80% on July 1st. The staff recommended no action be taken to increase the room rate allowance with two months left in the fiscal year. Commissioner Paretchan made a motion which was seconded to take no action. The motion passed 4-0 vote.

8. NEW BUSINESS (cont'd.)

c. Open Enrollment Status Report -

Mr. Smith presented the Board the open enrollment statistics (Exhibit 'E') through the 1st seven business days of May reflecting a total of 459 applications filed to date with 57% of them filed in person and the remainder by mail. There were no significant trends apparent at this early stage. Maxicare was leading in the number of net new subscribers with 21 and the normal trend of new dependents being added was reflected in the 308 new dependents added to date.

d. Request for Authorization for Staff to attend the IFEB Benefits Conference for Public Employees, August 2-5, 1987

A motion was made by Commissioner Paretchan which was seconded to approve the Resolution (Exhibit 'F') with a limit of three staff persons. The resolution was approved 4-0 vote.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'G') was presented reflecting interest received of $123,865 during March to bring the yearly total to $761,849. The average current yield is 9.62%. The Treasurer's office reports that the interest rates are currently in the 6+% range for Certificate of Deposits justifying the switch to the pooled funds of the City. Interest for the year will exceed $1.0 million.

b. The claims count is at 4,697 as of May 1st, down from 8,132 last month. This represents 6.6 day backlog.

c. The ordinance approving employee contribution rates for 1987-88 passed the Board of Supervisors on April 27th.

d. The open enrollment packets have been mailed to all employees.

e. The total requirements statement for the new membership accounting system was completed this week which will now allow commencement of programming with the projection that the System will be ready around November 1st.

f. The Rules and Regulations (Part I and Part II) were given to the Board after amendments recently passed by the Board. Part III on Rules of Coverage for the City Plan were not distributed as they will be subject to change because of recent benefit changes made by the Board to be effective July 1st.

10. ANNOUNCEMENTS -

a. Mr. Ben Hunter, Children's Hospital Health Plan, commended the HSS Staff on the Comparison of Health Plans brochure.

b. Ms. Rose Maracchini, Retired Teachers Association, commented on complaint calls from resigned teachers on the rate increases required from them. It was explained that the rates are based on the experience of the group and that the resigned teachers do not receive any employer subsidy. A Charter change would be required to eliminate this inequitable situation.

c. President Bernstein announced a Rules Committee meeting is scheduled for Thursday, May 21st.

d. Mr. Smith reminded the Board of the Retired Employees Association luncheon scheduled for May 28th.

11. ADJOURNMENT -

There being no further business before the Board, President Pro Tem Bernstein adjourned the meeting at 4:45 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE MAY 12, 1987
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through April 30, 1987

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 7,537,488	$ 8,568,859	120%	114%
Retired Employees (NM)	3,759,111	3,480,531	109	93
Retired Employees (M)	2,016,006	2,233,981	97	111
Adult Dependents (NM)	3,765,369	3,577,332	132	95
Adult Dependents (M)	405,904	379,326	89	93
Minor Dependents	1,451,848	2,191,419	133	151
TOTAL	$18,935,726	$20,431,459	118%	108%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,128,243	$ 1,111,594	137%	99%
Retired Employees (NM)	502,295	481,629	115	96
Retired Employees (M)	1,336,636	1,210,157	124	91
TOTAL	$ 2,967,174	$ 2,803,379	127%	94%
(3) VISION CARE COVERAGES				
Active Employees	$ 411,534	$ 423,883	121%	103%
Retired Employees (NM)	100,302	118,923	123	119
Retired Employees (M)	240,188	186,644	81	78
TOTAL	$ 752,024	$ 729,451	108%	97%
(4) ALL COVERAGES				
Active Employees	$ 9,077,265	$10,104,336	122%	111%
Retired Employees (NM)	4,361,707	4,081,083	110	94
Retired Employees (M)	3,592,830	3,630,782	106	101
Adult Dependents (NM)	3,765,369	3,577,332	132	95
Adult Dependents (M)	405,904	379,326	89	93
Minor Dependents	1,451,848	2,191,429	133	151
TOTAL	$22,654,925	$23,964,289	119%	106%

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6/2/87

HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - JUNE 2, 1987 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Commissioner Bernstein, Vice President Katz, Commissioner Krueger, Commissioner Molinari, Commissioner Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of May 12, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Rules Committee - Commissioner Katz, Chair

   a. Consideration of amendments to Part III Rules of Coverage for City Plan I.

   b. Consideration of Policy on addition of dependents by retired employees relative to Assembly Bill 528.

8. Old Business -

   a. Open Enrollment Status Report

9. New Business

   a. Nomination and Election of Officers for 1987-88 Fiscal Year

   b. Resolution of Commendation for Commissioner Gaggero on his Board service

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

NOTE: THE REGULAR MONTHLY MEETINGS FOR JUNE AND JULY HAVE BEEN RESCHEDULED FOR JUNE 2ND AND JULY 7TH.

Dist. 'C'

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6/2/87

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
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TUESDAY - JUNE 2, 1987 - 4:00 P.M.

1. CALL TO ORDER -

   A motion by Commissioner Paretchan and seconded by Comissioner Krueger to elect Commissioner Bernstein as President Pro Tem was adopted (3-0 vote, Bernstein not voting).

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

   PRESENT: Commissioner Bernstein, Commissioner Paretchan, Commissioner Krueger, Commissioner Zvanski

   ABSENT: Vice President Katz, Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF MAY 12, 1987, SUBMITTED FOR APPROVAL.

   Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of May 12, 1987, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

   There was no actuarial report presented because the April revenue and expenditures were not yet available.

6. APPEALS COMMITTEE -

   Commissioner Paretchan reported that there were no appeals heard this month.

7. RULES COMMITTEE -

President Bernstein reported that the Rules Committee met on May 21, 1987, and considered the following:

a. Consideration of amendments to Part III Rules of Coverage for City Plan I.

Fourteen substantive changes to the Rules are recommended by the Committee as reflected on Exhibit 'A' to be effective July 1, 1987 as well as language changes reflecting the consolidation of the former basic benefits into the major medical benefit language and other changes to provide clarity or eliminate redundant and faulty language.

President Bernstein severed out four changes which involved cost considerations for separate action and discussion.

The following actions were taken after discussion by the Board:

Change No. 2 Providing maternity coverage for dependent children. Commissioner Krueger made the motion which was seconded to provide coverage (4-0 vote).

Change No. 4 Provide coverage for treatment of tumors of the gums by a dentist. Commissioner Krueger made the motion which was seconded to provide coverage (4-0 vote).

Change No.12 Provide coverage for hearing aids and their fitting. Commissioner Krueger made a motion which was seconded to cover hearing aids at 50% of the cost to a maximum benefit payment of $300. Commissioner Zvanski made a motion which was seconded to amend the motion to cover the purchase of hearing aids at 80% with no dollar limit. The motion failed (1-3 vote, Bernstein, Krueger, Paretchan disenting). The main motion passed (3-1 vote Zvanski disenting).

Change No.14 Providing coverage for repair of durable medical equipmemt . Commissioner Zvanski made a motion which was seconded to cover the costs of repair to durable medical equipment including replacement batteries for motorized wheelchairs. The motion was adopted (4-0 vote).

Commissioner Krueger made a motion which was seconded to adopt all other proposed changes of the Committee. The motion was adopted (4-0 vote).

7. RULES COMMITTEE (cont'd.)

b. Consideration of Policy on addition of dependents by retired employees relative to Assembly Bill 528 (Exhibit 'B') -

Commissioner Krueger made a motion which was seconded to follow the advice of the City Attorney and continue the current membership policy on dependent coverage after retirement with the provision that staff study the feasibility of liberalizing this rule and determine its impact on the System. The motion passed (4-0 vote).

8. OLD BUSINESS -

a. Open Enrollment Status Report -

Mr. Smith reported the open enrollment statistics through June 2, 1987 (Exhibit 'C'). 2,990 applications have been filed to date with 47% of the applications filed by mail and 53% in person. 1,703 employees have changed their health plan status and 2,479 dependents have either been added, cancelled or changed plans with the employee member. Information item only.

9. NEW BUSINESS -

a. Nomination and Election of Officers for 1987-88 Fiscal Year -

Commissioner Paretchan nominated Commissioner Bernstein for President, seconded by Commissioner Zvanski. Commissioner Paretchan made a motion that the nomination be closed; seconded by Commissioner Zvanski. The motion to close the nominations passed (4-0 vote). The motion to elect Commissioner Bernstein as President of the Board for the 1987-88 fiscal year passed (3-0 vote, Bernstein not voting).

Commissioner Zvanski nominated Commissioner Paretchan for Vice President; seconded by Commissioner Bernstein. Commissioner Zvanski made a motion which was seconded that the nominations be closed. The motion to close the nominations passed (4-0 vote). The motion to elect Commissioner Paretchan Vice-President for the 1987-88 fiscal year passed (3-0 vote, Paretchan not voting).

b. Resolution of Commendation for Commissioner Gaggero on his Board service -

A resolution (Exhibit 'D') was adopted unanimously by the Board (4-0 vote).

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'E') reflected that interest earnings for the month of April exceeded $120,000 with total earnings to date of $883,922. The average current yield was 10.8% with interest earnings projected to exceed $1.1 million for the fiscal year.

b. The medical claims count stands at 5,512 up from the 4,697 reported at last month's meeting. This represents a 7.7 days backlog.

c. The Vision Service Plan has advised the System that there will be no changes in our administratice cost of $.47 per subscriber for the 1987-88 fiscal year.

d. The Board was provided an Exhibit 'F' reflecting the projected revenues and expenditures of the System for 1987-88 based on membership prior to open enrollment. Total revenue and expenditures are expected to exceed $72 million which would represent a 4.4% overall increase.

e. The City Attorney has rendered an opinion which was distributed to the Board and which provides that any surviving spouse of a retired or active employee is eligible for membership in the System at the employer subsidized rate provided the surviving spouse and employee were married at least one year prior to death and the retired employee was in the System for some portion of his or her active employment. An active employee's surviving spouse does not have to satisfy the second requirement.

f. The Health Service Board election to fill the seat vacated by Commissioner Gaggero will be held between June 15th and July 10th with the Registrar of Voters counting the ballots on July 13th. The nominations for office are due by June 4th.

g. A copy of a letter was received by the Director which was directed by the Board of Supervisors at the request of President Walker to the Health Commission to determine the feasibility of using health insurance funds for employee wellness/fitness programs.

h. The Annual Report of the System for the 1985-86 fiscal year has been released and is now available upon request.

11. Announcements -

a. Mr. Smith announced that the Board has set a Rates and Benefits Committee meeting on June 30th at 10:00 AM and the regular Board meeting for July has been rescheduled for July 7th.

b. Commissioner Katz has advised the Director that he will be submitting his resigntion to the Mayor on June 3rd on the advice of the City Attorney because of his recent employment with a contract HMO.

c. Mr. Frank Lucibello, Retired Employees Association, commended Commissioner Bernstein on his 24 years of service on the Board.

11. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 5:04 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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7/7/87

HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
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1212 MARKET STREET, MEZZANINE LEVEL
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TUESDAY - JULY 7, 1987 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein — Vice-President Paretchan
   Commissioner Krueger — Commissioner Zvanski
   Commissioner Molinari

4. Minutes of Regular Meeting of June 2, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Rates and Benefits Committee - Commissioner Krueger, Chair

   a. Renewal of Preferred Provider Hospital Agreements for the 1987-88 Fiscal Year with the following Hopsitals:

      a. Alta Bates/Herrick
      b. Children's
      c. John Muir
      d. Marin General
      e. Mills/Peninsula
      f. Novato Community
      g. Pacific Presbyterian
      h. Petaluma Valley
      i. San Jose
      j. Santa Rosa Memorial
      k. St. Mary's
      l. Washington

   b. Renewal of Administrative Agreement with Select Health for the 1987-88 Fiscal Year.

8. Old Business -

   a. Final Open Enrollment Report

9. New Business

   a. Resolution of Commendation for Commissioner Katz

   b. Charter Amendment to Amend Section 3.680 relating to eligibility to vote for members of the Health Service Board.

   c. Authorization for attendance of one Board member at IFEB Public Employees Conference, August 2-5, 1987.

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

Dist. 'C'

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9/7/87

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
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TUESDAY - JULY 7, 1987 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Krueger, Commissioner Zvanski

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF JUNE 2, 1987, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of June 2, 1987, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, presented the claim experience (exhibit 'A') through May, 1987, which reflected medical benefits at 120% for the month and 109% year to date, prescription drug benefit at 104% and 95%, the vision benefit at 91% and 96%, and the overall experience at 117% for the month and 107% year to date. After discussion, the report was ordered filed.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that one appeal was calendared on the addition of a dependent. Commissioner Paretchan made a motion which was seconded, to adopt the recommendation of the Committee to deny the appeal. The motion passed unanimously. (4-0 vote) Exhibit 'B'.

7. RATES AND BENEFITS -

Commissioner Krueger reported the following actions of the Committee which met on June 30th:

a. Renewal of Preferred Provider Hospital Agreements for the 1987-88 Fiscal Year. -

The Committee recommended the approval to offer to the hospitals those rates as reflected on Exhibit '3-A' with the stipulation that the overall rate increease of any hospital shall not exceed 8%. A motion was made by Commissioner Zvanski, which was seconded, to adopt the recommendation of the Committee. After discussion, Commissioner Zvanski made a motion, which was seconded, to amend her original motion to also authorize the President of the Board and the Executive Director to modify any individual rate as reflected on Exhibit '3-A' provided that the overall rate increase of any hospital shall not exceed the 8% cost increase cap. The motion was passed (4-0 vote).

b. Renewal of Administrative Agreement with Select Health for the 1987-88 Fiscal Year -

The Committee forwarded this item to the full Board with no recommendation. Select Health is asking for a 5% increase in their administrative fee.

After a presentation by Select Health, which responded to questions raised at the Committee meeting, Commissioner Paretchan made a motion, which was seconded, to approve a five percent increase for Select Health from $3,900 per month to $4,095 per month. The motion was passed (4-0 vote). Exhibit 'C'

There were three other items heard by the Committee including consideration of preferred provider agreements with chiropractors, a wellness program and preferred provider agreements with additional laboratories and radiologists. All of these items were continued and unacted upon in Committee.

8. OLD BUSINESS

a. Final Open Enrollment Report -

Mr. Smith submitted the final statistics (Exhibit 'D-1' to 'D-3'). There were 3,034 applications filed of which 1,575 (52%) were made in person and 1,459 (48%) by mail. These figures compare to the record 3,180 applications filed in 1986 of which 57% were filed in person. A membership report (Exhibit 'D-4') reflecting the open enrollment changes to the membership of each plan was also presented to the Board.

9. NEW BUSINESS -

a. Resolution of Commendation for Commissioner Katz -

Commissioner Paretchan made a motion, which was seconded, to adopt a resolution (Exhibit 'E') commending Commissioner Katz. The motion was passed (4-0 vote).

b. Charter Amendment to Amend Section 3.680 relating to eligibility to vote for members of the Health Service Board -

A motion was made by Commissioner Paretchan, which was seconded, to support the Charter Amendment allowing retired persons to participate in voting for the active members of the Health Service Board. The motion was adopted (4-0 vote). Exhibit 'F'.

c. Authorization for attendance of one Board member at IFEB Public Employees Conference, August 2-5, 1987 -

Commissioner Krueger made a motion, which was seconded, to adopt a resolution authorizing a Board member to attend the conference. The motion was adopted (4-0 vote). Exhibit 'G'.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'H') reflects a total of $1.0 million collected through May with a total of $117,451 collected in May. The average current yield for May was 11.89%.

b. The outstanding claim count was at 5,761 claims versus the 5,512 claims reported last month. This represents approximately an 8-day backlog.

c. The 1987-88 budget was left relatively intact on recommendation of the Finance Committee. Approximately $7,400 was cut in overtime and temporary salary money. The budget goes before the full Board of Supervisors later in July. Our 1987-88 budget will be around $1.8 million.

d. A complete updated set of the Rules and Regulations of the System as of July 1, 1987 was provided to the Board.

11. Announcements - None

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 5:05 P.M. in memory of Juan B. Rael, Jr., who was the Health Service System's Actuary.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE JULY 7, 1987 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through May 31, 1987

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 8,271,558	$ 9,399,130	113%	114%
Retired Employees (NM)	4,121,197	3,874,069	109	94
Retired Employees (M)	2,218,329	2,508,329	136	113
Adult Dependents (NM)	4,127,898	4,045,502	129	98
Adult Dependents (M)	446,423	433,186	133	97
Minor Dependents	1,592,202	2,377,506	133	149
TOTAL	$20,777,607	$22,637,721	120%	109%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,238,214	$ 1,229,529	107%	99%
Retired Employees (NM)	550,641	533,063	106	97
Retired Employees (M)	1,471,121	1,345,099	100	91
TOTAL	$ 3,259,976	$ 3,107,691	104%	95%
(3) VISION CARE COVERAGES				
Active Employees	$ 451,559	$ 460,548	92%	102%
Retired Employees (NM)	109,935	129,545	110	118
Retired Employees (M)	264,342	206,443	82	78
TOTAL	$ 825,836	$ 796,536	91%	96%
(4) ALL COVERAGES				
Active Employees	$ 9,961,331	$11,089,207	111%	111%
Retired Employees (NM)	4,781,773	4,536,677	108	95
Retired Employees (M)	3,953,792	4,059,871	119	103
Adult Dependents (NM)	4,127,898	4,045,502	129	98
Adult Dependents (M)	446,423	433,186	133	97
Minor Dependents	1,592,202	2,377,506	133	149
TOTAL	$24,863,419	$26,541,948	117%	107%

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - AUGUST 11, 1987 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of July 7, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

8. New Business

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - AUGUST 11, 1987 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

President Bernstein welcomed and seated Commissioner Deignan.

4. MINUTES OF REGULAR MEETING OF JULY 7, 1987, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of July 7, 1987, as submitted and the motion was adopted.

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the experience through June (Exhibit 'A') reflecting total medical claim expenditures of $24.8 million with a loss ratio of 110%. The prescription drug benefit was 104% for the month and 96% for the year; the vision benefit was 111% for the month and 98% for the year with the overall experience at 117% for the month and 108% for the year. The loss ratio adjusted for the interest subsidy is 105% for the year.

Mr. Smith projected that the unreserved fund balance of the Trust would decline between $1.1 to $1.3 million when the outside auditors, Peat Marwick complete their audit for the 1986-87 fiscal year.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported on the cases heard by the Committee and made a motion, which was seconded to adopt the recommendations of the Committee (Exhibit 'B'). The motion passed unanimously (5-0 vote).

7. OLD BUSINESS - None

8. NEW BUSINESS - None

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Investment Report (Exhibit 'C') reflects that the interest earned for the month of June was $95,710 with year to date earnings of approximately $1.1 million. The average current yield is 9.64% with a cash balance of $11.9 million as of June 30th.

   b. The claim backlog is at 6,601 claims which represents about a nine-day backlog. This compares to the 5,761 claims reported last month

   c. The administrative budget for 1987-88 of $1,864,728 was approved by the Board of Supervisors.

   d. The Registrar of Voters has certified that Commissioner Deignan was elected to the Health Service Board replacing Commissioner Gaggero (Exhibit 'D').

   e. The 1987-88 City Health Plan I Benefit Booklet is now available and will be mailed with new physician directories to all plan members at the end of August.

   f. A number of letters have been received from resigned teachers regarding the high premiums being charged this group. Resigned teachers are those individuals who prior to July, 1972 withdrew their monies from the City Retirement System to place them in the State Teachers Retirement System and who by Charter were prohibited from receiving employer health subsidy after retirement. The Board requested that the City Attorney's office be asked to draft a Charter Amendment which would provide an employer subsidy for this class of individual.

   g. The principal conclusions which he drew from attendance at the IFEB Public Employees Benefits Conference were that an IRS Section 125 flexible spending plan for health premiums and possibly dental coverage is entirely feasible and would be a cost savings to employees in the amount of federal, state and FICA taxes they currently pay. Efforts should be made to get the cooperation of the Mayor, Board of Supervisors and employee organizations in determining the possibilities of implementation.

      Most cost containment features have already been implemented by the System with the exception of case management and a 2nd surgical opinion program. These areas plus expansion of home health/hospice care should be explored to determine their cost effectiveness.

Health education and promotion are advocated on cost containment strategies, however, the System is not in a financial position to support these type of programs and they should be implemented by the City from City funds.

The Catastrophic Health Insurance Bill currently before Congress has the potential according to one presenter at the Conference to reduce employers health insurance costs by up to 15%.

Retiree health benefit costs will continue to increase and many state and local governments are being urged to pre-fund these benefits.

There is a good possibility that all state and local government employees will be mandated to be covered by Social Security either this session or the next session of Congress.

h. The Retired Employee Association is requesting the support of the Board for Proposition O by approval of a ballot argument (Exhibit 'E') in favor. A motion was made by Commissioner Paretchan, which was seconded, to endorse the ballot argument. The motion passed unanimously (5-0 vote).

10. Announcements -

Mr. Smith advised the Board that there are three upcoming conferences which would be of benefit to the Board. Health Benefit Update for Public Employees on October 21st, Health Care Cost Management Conference, November 15-18th and the Annual Benefits Conference, December 4-9th.

11. ADJOURNMENT -

There being no further business before the Board, Commissioner Paretchan made a motion, which was seconded to adjourn the meeting. The meeting was adjourned at 4:43 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY FOR THE AUGUST 11, 1987
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1986 through June 30, 1987

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 9,003,610	$10,338,459	128%	115%
Retired Employees (NM)	4,511,311	4,235,738	93	94
Retired Employees (M)	2,422,820	2,767,452	127	114
Adult Dependents (NM)	4,490,773	4,459,791	114	99
Adult Dependents (M)	488,375	477,651	106	98
Minor Dependents	1,730,204	2,590,145	154	150
TOTAL	$22,647,093	$24,869,236	119%	110%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,347,885	$ 1,354,229	114%	100%
Retired Employees (NM)	602,736	585,789	101	97
Retired Employees (M)	1,607,165	1,476,735	97	92
TOTAL	$ 3,557,786	$ 3,416,752	104%	96%
(3) VISION CARE COVERAGES				
Active Employees	$ 491,472	$ 508,800	121%	104%
Retired Employees (NM)	120,313	142,920	129	119
Retired Employees (M)	288,786	228,050	88	79
TOTAL	$ 900,571	$ 879,770	111%	98%
(4) ALL COVERAGES				
Active Employees	$10,842,967	$12,201,488	126%	113%
Retired Employees (NM)	5,234,359	4,964,446	95	95
Retired Employees (M)	4,318,771	4,472,237	113	104
Adult Dependents (NM)	4,490,773	4,459,791	114	99
Adult Dependents (M)	488,375	477,651	106	98
Minor Dependents	1,730,204	2,590,145	154	150
TOTAL	$27,105,450	$29,165,758	117%	108%

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 8, 1987 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call:

President Bernstein	Commissioner Molinari
Commissioner Deignan	Vice-President Paretchan
Commissioner Krueger	Commissioner Zvanski

4. Minutes of Regular Meeting of August 11, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Rates and Benefits Committee - Commissioner Krueger, Chair

   a. Consideration of Preferred Provider Chiropractic Agreement with California Chiropractic Services, Inc. and its member chiropractors.

8. Old Business -

9. New Business

   a. Request for authorization for staff and Board members to attend IFEB Health Care Cost Management Conference on November 15-18, 1987.

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - SEPTEMBER 8, 1987 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski

ABSENT: Commissioner Krueger, Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF AUGUST 11, 1987, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of August 11, 1987, as submitted and the motion was adopted (4-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the Plan I claim experience after two months of the fiscal year. The overall loss ratio is at 106% through the end of August. The member category of the greatest significance, Active Employees is at 99% on the medical plan and 103% overall. Those categories which show a higher than expected loss ratio through August are both Adult Dependent categories and the Prescription Drug category as a whole (Exhibits 'A-1 & 'A-2').

The interest subsidy which was granted in the rates has been incorporated into the experience report for the first time. This should give a more accurate visual picture of the experience.

Mr. Smith stated that because of an antiquated membership accounting system approximately $170,000 in contribution receivables in the 1st two months, a good portion of which has been collected but not reconciled, does not show up in the experience report. The new membership accounting system, currently under development and expected to be implemented around November 1st, should greatly improve the timely reporting of collected contributions.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that there was one appeal heard which was resolved to the member's satisfaction by maintaining his current status. Therefore, Commissioner Paretchan made a motion which was seconded to deny the appeal (Exhibit 'B'). The motion was passed unanimously (4-0 vote).

7. RATES AND BENEFITS COMMITTEE -

President Bernstein asked a motion to take item 7a from Committee. Commissioner Paretchan made a motion which was seconded to take item 7a from Committee and place it before the full Board. The motion passed 4-0 vote.

a. Consideration of preferred provider chiropractic agreement with California Chiropractic Services, Inc. and its member chiropractors.

After presentation and discussion of the proposed agreement and accompanying fee schedule, Commissioner Deignan made a motion, which was seconded, to approve an agreement with California Chiropractic Services, Inc. and its member chiropractors. The motion was approved 4-0 vote (Exhibits 'C-1' & 'C-2').

8. OLD BUSINESS - None

9. NEW BUSINESS -

a. Request for authorization for staff and Board members to attend IFEB Health Care Cost Management Conference on November 15-18, 1987.

Commissioner Zvanski made a motion, which was seconded, approving a resolution (Exhibit 'D') authorizing the attendance of a Board member and one staff.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'E') reflects that aproximately $89,000 was earned in July, 1987 on an average yield of 8.29%. The report has been modified to delete comparison with non-pooled cash earnings since there has been no investment in non-pooled cash since July, 1985. The modified report will show the year to year month end cash balance of the Fund, average interest yield and interest earned.

b. The claim count stood at 5,350 versus 6,601 last month. This is about a seven-day backlog.

c. The City Plan benefit booklet and directories of preferred providers are being mailed out to all members this week.

d. The annual outside audit by Peat, Marwick commenced today and should be finished in about two weeks.

e. A copy of a survey was provided to Board members which the Department of Public Health is distributing to its employees to determine the efficacy of providing a new health plan through use of General Hospital and its physicians.

f. Medco, which is the parent company of Paid Prescriptions, has written to make us aware of recent U.S. Senate subcommittee hearings on mail order prescription drugs and assuring us of the quality of the mail order program that they provide us.

g. The new Membership Accounting System is tentatively scheduled to be implemented November 1st, although that date could be deferred.

h. The annual IFEB Conference will be held in San Francisco on December 4-9th.

11. ANNOUNCEMENTS - President Bernstein recognized the following:

a. Mr. Steve Goss, French Hospital Health Plan, who announced that the affiliation of French Hospital with Daughters of Charity, Health System West is now official and has been approved by the Department of Corporations. French Hospital is now a subsidiary of Daughters of Charity, which is the largest not for profit health system in the United States. The two major benefits hoped for from the affiliation are lower costs due to economy of scale and an expanded network delivery system.

b. Mr. Thomas McDonough, President of the Retired Employees Association, thanked the Board for their support of Proposition 'O' on this November's ballot.

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 4:47 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE SEPTEMBER 8, 1987
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through August 31, 1987

(1) MEDICAL BENEFITS	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 1,661,154[a]	$ 1,652,783	102%	99%
Retired Employees (NM)	721,137	677,369	84	94
Retired Employees (M)	550,245	485,227	105	88
Adult Dependents (NM)	662,348	806,287	117	122
Adult Dependents (M)	78,067	132,868	155	170
Minor Dependents	357,204[b]	453,212	119	127
TOTAL	$ 4,030,155	$ 4,207,746	105%	104%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 197,013	$ 258,077	125%	131%
Retired Employees (NM)	90,875	103,179	113	114
Retired Employee (M)	235,528	258,797	106	110
TOTAL	$ 523,416	$ 620,053	114%	118%
(3) VISION CARE COVERAGES				
Active Employees	$ 77,502	$ 90,614	110%	117%
Retired Employees (NM)	20,218	22,355	127	111
Retired Employees (M)	49,692	42,638	86	86
TOTAL	$ 147,413	$ 155,607	104%	106%
(4) ALL COVERAGES				
Active Employees	$ 1,935,669	$ 2,001,474	105%	103%
Retired Employees (NM)	832,230	802,902	88	96
Retired Employees (M)	835,465	786,663	104	94
Adult Dependents (NM)	662,348	806,287	117	122
Adult Dependents (M)	78,067	132,868	155	170
Minor Dependents	357,204	453,212	119	127
TOTAL	$ 4,700,986	$ 4,983,406	106%	106%

[a] Includes $ 98,334 of expected interest subsidy.
[b] Includes $ 51,666 of expected interest subsidy.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 13, 1987 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of September 8, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

8. New Business

   a. Authorization for Board Members and Staff to attend IFEB Annual Conference in San Francisco, CA, December 4-9, 1987.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - OCTOBER 13, 1987 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein
Commissioner Deignan
Commissioner Krueger
Vice-President Paretchan
Commissioner Zvanski

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF SEPTEMBER 8, 1987, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Zvanski and seconded to approve the minutes of the Regular Meeting of September 8, 1987, as submitted and the motion was adopted (5-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the Plan I experience (Exhibit 'A') through September which reflected a 91% loss ratio for the month and 100% for the year to date. September was a three biweekly revenue month, however, the prescription drug experience was still adverse with a 147% loss ratio for the month and 129% for the year to date. The prescription drug cost did, however, include an extra billing cycle. Commissioner Krueger requested that an analysis be made to determine why the drug experience is so skewed..

A year to year claim experience comparison (Exhibit "B") was also provided to the Board.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that two appeals were calendared this month, one of which was continued by the Committee. Commissioner Paretchan made a motion, which was seconded, to adopt the recommendation of the Committee to approve the other appeal (Exhibit "C"). The motion passed unanimously (5-0 vote).

7. OLD BUSINESS - None

8. NEW BUSINESS -

a. Authorization for Board Members and Staff to attend IFEB Annual Conference in San Francisco, California, December 4-9, 1987.

Commissioner Paretchan made a motion, which was seconded, to adopt a resolution authorizing attendance of up to four Board members and/or staff to attend the IFEB Annual Conference at a maximum cost of $2,000. The motion was adopted (5-0 vote).

b. Resolution Authorizing Payment for Cost of City Health Plan I Directory -

Commissioner Paretchan made a motion, which was seconded, to approve the payment of one third of the cost ($3,004.69) of producing the Plan I Preferred Provider Directory. The motion passed unanimously (5-0 vote).

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'D') through August reflects interest earned of $194,771 at an average current yield of 8.08%. The cash balance stood at $15.6 million at month end.

b. The outstanding claim count has dropped below 5,000 to 4,945 and it is hoped that it will drop to around 3,000 by next month's meeting.

c. Peat, Marwick, our external auditors, have reported to us that preliminary results of the 1986-87 audit show a decrease in net assets of approximately $1.1 million. Assets available for health benefits will drop to $2.2 million from $3.3 million at the end of the previous fiscal year. Of the $1.1 million decrease in net assets, about $905,000 was transferred to a liability account to increase the reserve for incurred but unpaid claims from $5.1 million to $6.0 million.

d. The Board of Supervisors has requested that each City Department submit recommended cuts in their budget of 1.6% of General Fund revenues by October 30th. This would amount to about $13,000 to $14,000 of our total budget.

e. Reports reflecting the results of various cost containment programs for the 1986-87 fiscal year were presented to the Board covering Workers' Compensation recoveries of $41,204; third party recoveries of $20,444 and hospital bill audit recoveries of $24,165.

f. A report on 1986-87 claim expenditures by medical modality was presented to the Board (Exhibit "E").

g. French Hospital is sending out an announcement to our employees who belong to the health plan on their affiliation with Daughters of Charity Health System-West.

11. ANNOUNCEMENTS -

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 4:30 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE OCTOBER 13, 1987 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through September 30, 1987

(1) MEDICAL BENEFITS	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 2,800,264[a]	$ 2,549,267	79%	91%
Retired Employees (NM)	1,070,413	1,056,296	108	99
Retired Employees (M)	826,704	696,736	77	84
Adult Dependents (NM)	1,089,272	1,138,529	78	105
Adult Dependents (M)	122,115	183,516	115	150
Minor Dependents	594,205[b]	653,381	84	110
TOTAL	$ 6,502,973	$ 6,277,724	84%	97%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 336,161	$ 428,327	122%	127%
Retired Employees (NM)	134,779	173,742	161	129
Retired Employees (M)	353,681	460,293	171	130
TOTAL	$ 824,621	$ 1,062,362	147%	129%
(3) VISION CARE COVERAGES				
Active Employees	$ 132,272	$ 142,749	95%	108%
Retired Employees (NM)	29,999	32,922	108	110
Retired Employees (M)	74,642	64,155	86	86
TOTAL	$ 236,913	$ 239,835	94%	101%
(4) ALL COVERAGES				
Active Employees	$ 3,268,697	$ 3,120,353	84%	95%
Retired Employees (NM)	1,235,191	1,262,960	114	102
Retired Employees (M)	1,255,027	1,221,184	104	97
Adult Dependents (NM)	1,089,272	1,138,529	78	105
Adult Dependents (M)	122,115	183,516	115	150
Minor Dependents	594,205	653,381	84	110
TOTAL	$ 7,564,507	$ 7,579,922	91%	100%

[a] Includes $ 147,501 of expected interest subsidy.

[b] Includes $ 77,499 of expected interest subsidy.

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - NOVEMBER 10, 1987 - 4:00 P.M.

A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski
4. Minutes of Regular Meeting of October 13, 1987, submitted for approval.
5. Actuarial Report - Rael & Letson
6. Appeals Committee - Commissioner Paretchan, Chair
7. Old Business -
8. New Business
   a. Policy on Retired Employee and Surviving Spouse Applicants.
   b. Authorization to Acquire Additional Space at 1212 Market Street.
   c. Cafeteria Benefit Plan - $500 Cash Option Limit.
9. Executive Director's Report -
10. Announcements -
11. Adjournment -

Dist. 'C'

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - NOVEMBER 10, 1987 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF OCTOBER 13, 1987, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of October 13, 1987, as submitted and the motion was adopted (5-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, presented the Health Plan experience through October (Exhibit 'A') reflecting a 100% loss ratio for medical benefits; 125% for prescription drug; 105% for vision coverage and 104% overall. The loss ratio for the month was 114% on expenditures of $2.6 million. The adult dependent and minor dependent categories experienced large monthly loss ratios because of some large hospitalization shock claims.

An analysis of the unexpected prescription drug loss ratio as requested by Commissioner Krueger revealed that actual costs are 5% in excess of the medical inflation rate of 10% incorporated into the contribution rates. In addition, the claim cost per capita was up 13% which means that utilization of the program is up.

Mr. Smith commented on the fact that there were approximately $440,000 in receivables, much of which have been collected, but which have not been allocated as yet so that they would reflect on the Plan I experience report. The timeliness of receivables reporting should be enhanced with implementation of the new membership accounting system during the month of November.

5. ACTUARIAL REPORT (cont'd.)

The Claim Experience Year to Year Comparison (Exhibit 'B') was also presented to the Board. Revenues are running at 8.7% over the prior year and expenditures are running at 8.8% over last year after four months.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that one appeal was calendared for November and that appeal was continued at the request of the member.

7. OLD BUSINESS - None

8. NEW BUSINESS -

a. Policy on Retired Employee and Surviving Spouse Applicants (Exhibit 'C') -

After discussion of this issue, Commissioner Krueger made a motion which was seconded to accept AB-528 applicants who have never been enrolled in the Health Service System . The motion failed 2-3 (Bernstein, Deignan, Paretchan).

Commissioner Paretchan made a motion, which was seconded to not accept membership for AB-528 applicants who have never been in the System. The motion passed 3-2 (Krueger, Zvanski).

Commissioner Paretchan made a motion which was seconded, to allow surviving spouses who have been in the System but who left through their own action the same right of appeal as retired members. The motion passed 5-0 vote.

b. Authorization to Acquire Additional Space at 1212 Market Street -(Exhibit 'D')

After discussion, a motion was made by Commissioner Paretchan which was seconded, to authorize acquisition of additional space at 1212 Market Street. The motion passed unanimously (5-0 vote).

c. Cafeteria Benefit Plan - $500 Cash Option Limit (Exhibit 'E')

After discussion, Commissioner Krueger made a motion, which was seconded, to send a letter to our representatives in Congress opposing the $500 Cash limit. The motion passed unanimously (5-0 vote).

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The Investment Report (Exhibit 'F') through September reflects interest earnings of $282,247 at an average current yield of 9.34%.

9. EXECUTIVE DIRECTOR'S REPORT - (cont'd.)

b. The outstanding claim count is down to 4,528 which is about 6.6 days. A claim processor was out ill for 2 1/2 weeks which severely handicapped the ability to reduce the claims backlog by any measure.

c. Paid Prescriptions has advised us that effective January 1st the administrative fee will increase by $.05 per claim to $.63. It is the first increase in 18 months and will increase our costs by approximately $9,400 per year. Annual administrative costs run about $109,000 currently.

d. The Peat, Marwick Annual Audit was presented to the Board (Exhibit 'G') which reflected that the System had revenues of $70.7 million and expended $71.8 million causing a decrease in net assets of $1.1 million for the fiscal year ending June 30, 1987. The net assets of the System as of June 30, 1987 were $2.2 million.

e. The final date for introduction of Charter amendments for the June, 1988 ballot is December 21, 1987.

f. The Senate and House have passed a catastrophic illness bill dealing with Medicare beneficiaries which now goes to a conference committee. It is too early to measure its impact on the City and the Health Service System.

g. Staff is pursuing the feasibility of implementing a Section 125 premium reduction program as well as a dental program in conjunction with that effort.

h. The Chiropractic PPO announcement brochure will not go out until the end of December because the process of enrolling and credentialing providers is not complete.

i. The President and Director met with the President of Marshal Hale Hospital regarding the potential of future contracting specifically in the area of specialty programs such as alcohol rehabilitation and the eating disorder programs.

j. The new Membership Accounting System is scheduled for implementation in November with parallel running scheduled for the month.

11. ANNOUNCEMENTS -

a. President Bernstein acknowledged receipt of a letter from the Mayor on the Health Service System Management by Objectives Performance for the Fiscal Year 1986-87.

b. Mr. Thomas McDonough, President of the Retired Employees Association thanked the Board again for their suport of Proposition 'O' which passed by a margin of 53,620 votes.

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 5:15 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE NOVEMBER 10, 1987
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through October 31, 1987

			LOSS RATIO	
(1) MEDICAL BENEFITS	CONTRIBUTIONS	CLAIMS	FOR MONTH	CUMULATIVE
Active Employees	$ 3,625,691[a]	$ 3,439,839	108%	95%
Retired Employees (NM)	1,422,180	1,450,869	112	102
Retired Employees (M)	1,106,150	873,788	63	79
Adult Dependents (NM)	1,414,668	1,638,325	154	116
Adult Dependents (M)	161,965	213,762	76	132
Minor Dependents	770,761[b]	924,294	153	120
TOTAL	$ 8,501,415	$ 8,540,876	113%	100%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 433,820	$ 550,079	125%	127%
Retired Employees (NM)	179,022	223,084	112	125
Retired Employees (M)	473,085	588,466	107	124
TOTAL	$ 1,085,927	$ 1,361,629	115%	125%
(3) VISION CARE COVERAGES				
Active Employees	$ 170,740	$ 193,558	132%	113%
Retired Employees (NM)	39,859	46,692	140	117
Retired Employees (M)	99,851	87,146	91	87
TOTAL	$ 310,450	$ 327,396	119%	105%
(4) ALL COVERAGES				
Active Employees	$ 4,230,251	$ 4,183,476	111%	99%
Retired Employees (NM)	1,641,061	1,720,644	113	105
Retired Employees (M)	1,679,086	1,549,400	77	92
Adult Dependents (NM)	1,414,668	1,638,325	154	116
Adult Dependents (M)	161,965	213,762	76	132
Minor Dependents	770,761	924,294	153	120
TOTAL	$ 9,897,792	$10,229,901	114%	103%

[a] Includes $ 196,668 of expected interest subsidy.
[b] Includes $ 103,332 of expected interest subsidy.

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 15, 1987 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of November 10, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

8. New Business

   a. Consideration of Police Department Employee Assistance Program Request regarding Psychologists.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - DECEMBER 15, 1987 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein
Commissioner Deignan
Commissioner Krueger
Vice-President Paretchan
Commissioner Zvanski

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF NOVEMBER 10, 1987, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of November 10, 1987, as submitted and the motion was adopted (5-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the loss ratios for the month and year to date in all benefit categories (Exhibit 'A'). There have been shock claims incurred in the adult dependent and retired employee-medicare categories causing a loss ratio of 110% for medical benefits during the month. The overall loss ratio increased to 105% from the 103% of the prior month.

In response to the questions regarding the unanticipated increase in drug costs, a report has been received from Paid Prescriptions indicating that the cost of AZT for the 1st five months of the fiscal year was approximately $32,000 or 2% of prescription drug expenditures. It was also noted that the 3rd quarter medical care inflation rate for prescription drugs was at 10.1% annualized and was the highest of any of the medical care components.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that there were two appeals heard and he made a motion, which was seconded, to approve the recommendations of the Committee (Exhibit 'B'). The motion passed unanimously (5-0 vote).

7. OLD BUSINESS - None

8. NEW BUSINESS -

a. Consideration of Police Department Employee Assistance Program Request Regarding Psychologists -

Commissioner Deignan reviewed the request of the Employee Assistance Division to allow participation in the preferred provider program by a number of psychologists who have special training in law enforcement personnel related problems. After discussion, Commissioner Deignan made a motion, which was seconded, to refer the request to a committee of the Board for further study. The motion passed 5-0 vote.

b. Commissioner Paretchan distributed information and reviewed the major points brought across at the Health Care Care Cost Containment Conference he attended in November (information item only).

c. Renewal of Agreement with Santa Rosa Memorial Hospital -

Commissioner Paretchan made a motion which was seconded, to hear and take action on the subject item pursuant to Government Code Section 54934.2b1. The motion passed unanimously.

Mr. Smith reviewed the chronology of the contractual relationship with Santa Rosa Memorial. The contract at this time is based on the 1985-86 fiscal year rates. There is a request by the hospital that a retroactive rate adjustment of 10% be given on the 1986-87 admissions and a 9% increase be given for the 1987-88 fiscal year. The hospital has indicated that they will terminate the contract under the terms of the agreement if this proposal is not satisfactory. They indicate that their high costs and the patient volume cannot justify the discount currently being given nor rates any lower than proposed.

After discussion, Commissioner Krueger made a motion, which was seconded, to adopt staff's recommendation to pay a retroactive 10% adjustment for 1986-87 admissions and to approve an increase of 9% over the 1986-87 rates for the fiscal year commencing July 1, 1987. The motion passed unanimously 5-0 vote.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Investment Report (Exhibit 'C') as of October 31, 1987, reflects interest earnings of $419,903 including approximately $138,000 for the month of October. The average current yield is at 9.74%.

   b. The outstanding claim count has increased to 5,068 from 4,528 last month as a result of staffing shortage and the Thanksgiving holidays.

   c. The Medicare hospital inpatient deductible will go from $520 to $540 and the Part B medical premium will go from $17.90 to $24.80 per month effective January 1st.

   d. The Membership Accounting System is still not operational but it is hoped that it will be implemented during December.

   e. The $500 cash option limit on cafeteria plans did not make it to the final tax bill passed by Congress.

   f. The Chiropractor PPO brochure will be mailed out in January to Plan I members.

   g. We still have not received Charter language on the resigned teacher issue because a decision has not been made on whether the Board has the right to propose a financial obligation on the School District.

10. ANNOUNCEMENTS -

   a. Mr. Lee Potts, Select Health, informed the Board that the merger between Select and Preferred Health Network has been signed but not yet filed. The relationship between Select and the Health Service System should continue unchanged although utilization review is now being done out of Southern California via an 800 toll free telephone number.

   b. President Bernstein announced that the Annual Meeting of the Board will be on Thursday, January 28, 1988 at 6:00 p.m. in the Board Room.

11. ADJOURNMENT -

   There being no further business before the Board, President Bernstein adjourned the meeting at 4:55 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE DECEMBER 15, 1987 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through November 30, 1987

(1) MEDICAL BENEFITS	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 4,522,275[a]	$ 4,360,446	103%	96%
Retired Employees (NM)	1,834,726	1,781,212	80	97
Retired Employees (M)	1,411,868	1,299,390	139	92
Adult Dependents (NM)	1,768,464	2,139,596	142	121
Adult Dependents (M)	203,683	253,572	95	124
Minor Dependents	957,878[b]	1,129,158	109	118
TOTAL	$10,698,894	$10,963,374	110%	102%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 540,836	$ 682,818	124%	126%
Retired Employees (NM)	231,053	277,519	105	120
Retired Employees (M)	604,087	729,694	108	121
TOTAL	$ 1,375,976	$ 1,690,032	113%	123%
(3) VISION CARE COVERAGES				
Active Employees	$ 212,779	$ 243,197	118%	114%
Retired Employees (NM)	51,396	59,059	107	115
Retired Employees (M)	127,482	108,377	77	85
TOTAL	$ 391,657	$ 410,632	102%	105%
(4) ALL COVERAGES				
Active Employees	$ 5,275,890	$ 5,286,461	105%	100%
Retired Employees (NM)	2,117,175	2,117,790	83	100
Retired Employees (M)	2,143,437	2,137,461	127	100
Adult Dependents (NM)	1,768,464	2,139,596	142	121
Adult Dependents (M)	203,683	253,572	95	124
Minor Dependents	957,878	1,129,158	109	118
TOTAL	$12,466,527	$13,064,038	110%	105%

[a] Includes $ 245,835 of expected interest subsidy.
[b] Includes $ 129,165 of expected interest subsidy.

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JANUARY 19, 1988 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of December 15, 1987, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

8. New Business

   a. Certification of Average Employer Contribution for 1988-99 Fiscal Year.

   b. Resolution Supporting Implementation of a Cafeteria Section 125 Plan.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

Minutes

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TUESDAY - JANUARY 19, 1988 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Krueger, Commissioner Zvanski

ABSENT: Commissioner Deignan, Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF DECEMBER 15, 1987, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of December 15, 1987, as submitted and the motion was adopted (4-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the experience under the City Health Plan for December (Exhibit 'A') which was another poor month financially at 110% bringing the year to date loss ratio to 106%. Mr. Rael noted the $800,000 gap between contributions and claims as of six months into the fiscal year. If this trend continued for the year, the deficit would reach $1.6 million cutting deep into the contingency reserves.

The significant losses year to date are led by unusually high prescription drug costs and high utilization under the preferred provider program. Rael & Letson feels strongly that benefits need to be cut under the preferred provider program next year in order to reduce over-utilization.

The claim experience year to year (Exhibit 'B') was also provided to the Board.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that one appeal was heard requesting benefit coverage. The Committee's recommendation was to compromise the claim on a one-third basis between the provider, patient and the plan. He made a motion, which was seconded, to adopt the recommendation of the Committee (Exhibit 'C'). The motion passed unanimously (4-0 vote).

7. OLD BUSINESS - None

8. NEW BUSINESS -

a. Certification of Average Employer Contribution for 1988-89 Fiscal year. -

Mr. Smith submitted a proposed resolution and accompanying survey of the ten most populous counties (Exhibit 'D') reflecting that the average contribution of those counties is currently $106.13 per month for employee only medical care exclusive of optical and dental care. This amount would become the contribution obligation of the City, School District and Community College District for the 1988-89 fiscal year when adopted by the Health Service Board and approved by the Board of Supervisors.

A survey of those counties contributions toward dental care and dependent health care is also enclosed in the exhibit. It was again pointed out that San Francisco is the only county of the eleven largest which provides no funding for dental care or dependent's health care.

Commissioner Paretchan made a motion, which was seconded, to adopt the resolution certifying $106.13 per month as the average contribution of the ten most populous counties. The motion passed unanimously (4-0 vote).

b. Resolution Supporting Implementation of a Cafeteria Section 125 Plan.

Mr. Smith provided the Board a status report on the progress toward establishing a premium reduction program July 1st and requested that the Board adopt a proposed resolution supporting implementation of the program.

Commissioner Paretchan made a motion, which was seconded, to adopt the proposed resolution (Exhibit 'E'). The motion passed unanimously (4-0 vote).

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The Investment Report (Exhibit 'E') through November 30, 1987, reflects interest earnings of $480,304 on an average current yield of 8.55%.

   b. The annual Statement of Economic Interests was provided to Board Members for filing by April 30, 1988.

   c. The outstanding claim count as of January 15 was 3,501 compared to 5,068 last month.

   d. The chiropractic PPO brochure has been received and should be mailed out shortly to all City Plan members.

   e. The new Membership Accounting System implementation which was scheduled for November 1st has been experiencing ongoing difficulties. A portion of the System has been brought into production and it is hoped that the full system will be in production by month end.

10. ANNOUNCEMENTS -

   a. A Rates and Benefits Committee meeting is scheduled for Thursday, January 21st at 10:00 AM.

   b. The Annual meeting is scheduled for Thursday, January 28, 1988 at 6:00 PM.

11. ADJOURNMENT -

   There being no further business before the Board, President Bernstein adjourned the meeting at 4:51 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE JANUARY 19, 1988
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through December 31, 1987

			LOSS RATIO	
			FOR	
(1) MEDICAL BENEFITS	CONTRIBUTIONS	CLAIMS	MONTH	CUMULATIVE
Active Employees	$ 5,421,586[a]	$ 5,384,335	114%	99%
Retired Employees (NM)	2,183,111	2,162,943	110	99
Retired Employees (M)	1,693,273	1,479,379	64	87
Adult Dependents (NM)	2,116,714	2,579,830	126	122
Adult Dependents (M)	243,607	293,347	100	120
Minor Dependents	1,146,969[b]	1,355,044	119	118
TOTAL	$12,805,260	$13,254,879	109%	104%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 648,593	$ 821,608	129%	127%
Retired Employees (NM)	274,870	329,790	119	120
Retired Employees (M)	724,319	863,447	111	119
TOTAL	$ 1,647,782	$ 2,014,844	120%	122%
(3) VISION CARE COVERAGES				
Active Employees	$ 255,131	$ 291,469	114%	114%
Retired Employees (NM)	61,161	69,169	104	113
Retired Employees (M)	152,867	130,503	87	85
TOTAL	$ 469,158	$ 491,141	104%	105%
(4) ALL COVERAGES				
Active Employees	$ 6,325,310	$ 6,497,412	115%	103%
Retired Employees (NM)	2,519,142	2,561,902	110	102
Retired Employees (M)	2,570,459	2,473,329	79	96
Adult Dependents (NM)	2,116,714	2,579,830	126	122
Adult Dependents (M)	243,607	293,347	100	120
Minor Dependents	1,146,969	1,355,044	119	118
TOTAL	$14,922,201	$15,760,863	110%	106%

[a] Includes $ 295,002 of expected interest subsidy.
[b] Includes $ 154,998 of expected interest subsidy.

CLAIMS EXPERIENCE YEAR TO YEAR COMPARISON

BY MONTH

	1981 - 82		MO		1982 - 83		MO		1983 - 84		MO		1984 - 85		MO	YTD
	CONTRIBUTIONS	CLAIMS	L/R	L/R	CONTRIBUTIONS	CLAIMS	L/R	L/R	CONTRIBUTIONS	CLAIMS	L/R	L/R	CONTRIBUTIONS	CLAIMS	L/R	L/R
July	$ 1,129,560	$ 1,260,907	111	111%	$ 1,341,907	$ 1,719,912	128%	128%	$ 1,506,023	$ 1,402,103	93%	93%	$ 1,751,554	$ 1,646,486	94	94%
August	2,395,892	2,704,092	114	113%	2,660,957	3,232,155	115	121%	3,038,391	3,206,406	118	105%	3,682,194	3,413,155	102	98%
September	3,595,445	3,957,498	105	110%	4,073,194	4,725,316	106	116%	4,674,606	4,974,376	111	108%	5,264,371	4,910,115	84	93%
October	4,771,869	5,354,385	121	112%	5,472,512	6,230,867	107	114%	6,184,630	6,654,401	108	108%	7,048,383	6,780,325	105	96%
November	5,934,526	6,683,578	105	113%	7,117,479	7,829,462	97	110%	8,074,705	8,049,285	74	100%	9,299,533	8,366,153	70	90%
Dec r	7,397,839	7,914,228	83	107%	8,469,412	9,411,859	117	111%	9,693,051	9,941,856	117	103%	11,082,743	9,912,854	87	89%
Jan.	8,615,093	9,020,171	87	104%	9,891,942	10,888,630	104	110%	11,238,563	11,551,676	104	103%	12,892,527	11,538,614	91	90%
February	9,814,465	10,321,584	108	105%	11,310,859	12,349,661	103	109%	12,843,710	13,003,829	90	101%	14,690,363	13,262,414	93	90%
March	11,021,797	12,118,794	154	110%	12,689,312	14,090,469	126	111%	14,442,634	14,841,773	115	103%	16,462,690	15,241,693	112	93%
April	12,216,898	13,358,372	104	109%	14,044,949	15,652,141	115	111%	15,993,401	16,835,752	129	105%	18,636,110	17,458,045	102	94%
May	13,405,417	14,908,959	130	111%	15,703,736	17,476,480	110	111%	17,893,309	18,152,995	69	101%	20,453,488	19,680,787	122	96%
June	14,844,779	16,533,985	114	111%	17,070,723	19,260,064	130	113%	19,475,336	20,372,866	140	105%	22,261,383	21,423,028	100	97%
					+14%	+16%			+14%	6%			14%	5%		

	1985 - 86		MO	YTD
	CONTRIBUTIONS	CLAIMS	L/R	L/R
July	$ 1,853,633	$ 1,202,019	65	65%
August	3,688,073	3,019,696	99	82%
September	5,526,821	5,285,336	124	96%
October	7,830,678	7,726,316	106	99%
ber	9,731,853	9,745,718	106	100%
December	11,601,115	12,371,269	140	107
January	12,542,953	14,580,769	116	108
February	15,413,591	16,575,511	107	108
March	17,336,183	19,290,179	141	111
April	19,644,976	21,538,869	97	110
May	21,570,868	23,805,602	118	110
June	23,440,859	25,876,473	111	110
	5%	20%		

1986-87		MO	YTD
CONTRIB.	CLAIMS	L/R	L/R
2,167,410	2,192,651	101	101
4,283,305	4,674,708	117	109
6,918,711	6,927,809	85	100
9,108,637	9,402,737	113	103
11,255,595	11,696,752	107	104
13,407,673	13,973,596	106	104
15,584,060	16,219,704	103	104
17,704,184	18,494,580	107	104
20,398,792	21,286,466	104	104
22,654,925	23,964,289	119	106
24,863,419	26,541,948	117	107
27,105,450	29,165,758	117	108
15.6%	12.7%		

1987-88		MO	YTD
CONTRIB.	CLAIMS	L/R	L/R
2,313,724	2,461,238	106	106
4,700,986	4,983,406	106	106
7,564,854	7,579,922	91	100
9,897,793	10,229,901	114	103
12,466,527	13,064,038	110	105
14,922,200	15,760,863	113	106
11.3%*	12.8%		

* Interest subsidy included in contributions.

EXHIBIT "C"

HEALTH SERVICE SYSTEM
RESCHEDULED APPEALS COMMITTEE MEETING
OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO

TUESDAY, JANUARY 19, 1988 - 3:00 P.M.

A G E N D A

APPEALS COMMITTEE

Commissioner Paretchan, Chair
Commissioner Deignan
Commissioner Zvanski

ITEM NO. 1	REQUEST FOR BENEFIT COVERAGE	SCHEDULED HEARING TIME	ACTION
	a) Elizabeth Hutchins HSS No. 69395-01	3:00 P.M.	Approved 1/3 compromise

0224A-3

EXHIBIT "D"

RESOLUTION NO. 87-10

TITLE: CERTIFICATION OF THE AVERAGE CONTRIBUTION OF THE TEN MOST POPULOUS COUNTIES

RESOLVED: That pursuant to Charter Section 8.423 the Health Service Board certifies to the Board of Supervisors that the average contribution made by the ten most populous counties in the State toward the providing of health care plans, exclusive of dental or optical care, for each employee of such county is $106.13 per month.

RESOLVED: That pursuant to Charter Section 8.428 the $106.13 is the amount to be contributed per month to the Health Service System Fund by the City and County of San Francisco, Unified School District and Community College District with respect to each of their members effective July 1, 1988 and continuing for the full fiscal year.

RESOLVED: That the ten most populous counties would be surveyed for fiscal year 1989-90 and the average amount certified prior to the second Monday of January, 1989.

RECOMMENDED BY: Randolph B. Dumont
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED BY: Elizabeth Deignan
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: January 19, 1988

VOTE: 4-0 (Deignan, Molinari, absent)

HEALTH SERVICE SYSTEM

CITY AND COUNTY OF SAN FRANCISCO

1212 MARKET STREET

SAN FRANCISCO, CA 94102-4861

TELEPHONES
Administration 558-3701
Claims 558-4761
Membership 558-4322

RANDALL B. SMITH
Executive Director

January, 1988

Health Service Board
City and County of San Francisco
1212 Market Street
San Francisco, CA 94102

Dear Members:

In compliance with Charter Sections 8.423 and 8.428, this office contacted the Department of Finance, State ofCalifornia to secure officially the ten most populous counties in the State exclusive of the County of San Francisco.

A letter with attached questionnaire was directed to each of these ten counties to determine primarily what each county was contributing monthly for its employees' medical coverage exclusive of dental and optical care. The following are the results:

COUNTY	POPULATION	AMOUNT CONTRIBUTED MONTHLY BY THE COUNTY
1. Los Angeles	8,403,535	$ 91.09
2. San Diego	2,240,658	84.84
3. Orange	2,193,614	134.06
4. Santa Clara	1,407,949	95.66
5. Alameda	1,214,070	86.55
6. San Bernardino	1,167,174	82.61
7. Sacramento	928,747	99.04
8. Riverside	886,241	108.54
9. Contra Costa	734,450	89.94
10. Ventura	619,329	188.97
		1,061.30

This $1,061.30 figure divided by the ten counties gives us $106.13 which is the average amount contributed by the ten most populous counties and therefore the average contribution to be certified to the Board of Supervisors pursuant to Section 8.423 of the Charter. Charter Section 8.428 provides that the City, School District and Community College District contribute 100 percent of this figure each month for each eligible employee commencing July 1, 1988.

It should also be noted that these counties contribute on average $173.98 per month for an employee and one dependent and $195.62 per month for an employee and two or more dependents. The City contributes nothing for dependent coverage. In addition, every county with the exception of San Diego and San Francisco sponsors an employer paid dental plan.

The counties will again be surveyed prior to the second Monday in January, 1989 to determine the amount required for the 1989-1990 fiscal year.

Respectfully submitted:

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

SUMMARY OF EMPLOYER PAID MEDICAL COVERAGE
1987-88 SURVEY*

COUNTY	POPULATION	EMPLOYEE ONLY	EMPLOYEE + 1 DEPENDENT	EMPLOYEE + FAMILY
LOS ANGELES	8,403,535	$ 91.09	$ 180.56	$ 210.30
SAN DIEGO	2,240,658	84.84	126.93	161.75
ORANGE	2,193,614	134.06	191.45	263.08
SANTA CLARA	1,407,949	95.66	197.84	197.84
ALAMEDA	1,214,070	86.55	173.48	233.23
SAN BERNARDINO	1,167,174	82.61	165.66	180.54
SACRAMENTO	928,747	99.04	138.26	138.26
RIVERSIDE	886,241	108.54	174.29	179.87
CONTRA COSTA	734,450	89.94	202.40	202.40
VENTURA	619,329	188.97	188.97	188.97
		1,061.30	1,739.84	1,956.24
AVERAGE CONTRIBUTION		$ 106.13	$ 173.98	$ 195.62

NOTE: Among the counties surveyed, only San Francisco does not provide a contribution for dependents of employees.

*Conducted in December, 1987

HEALTH SERVICE SYSTEM
CONTRIBUTION AMOUNTS
TEN MOST POPULOUS COUNTIES

COUNTY	1988-89	INCREASE OVER PRIOR YEAR	1987-88	1986-87	1985-86	1984-85	1983-84	1982-83	1981-82
LOS ANGELES	$ 91.09	+ 1.7%	$ 89.55	$ 85.73	$ 84.95	$ 81.99	$ 67.50	$ 56.37	$ 44.50
ORANGE	134.06	+11.9%	119.93	115.68	106.93	99.55	89.19	70.53	56.27
SAN DIEGO	84.84	- 4.2%	88.39	84.37	79.50	72.41	60.35	51.85	43.29
SANTA CLARA	95.66	+ 2.4%	93.39	109.20	99.43	86.53	71.43	59.13	53.65
ALAMEDA	86.55	+ 7.8%	80.27	75.62	70.02	63.71	55.47	48.00	43.05
SAN BERNARDINO	82.61	+ 4.8%	78.84	77.69	71.20	61.69	49.39	48.42	46.28
SACRAMENTO	99.04	+ 9.8%	90.23	82.26	77.38	68.52	59.31	51.16	46.44
RIVERSIDE	108.54	-	108.54	100.24	96.12	89.17	82.84	64.28	51.52
CONTRA COSTA	89.94	19.0%	75.60	73.80	69.40	61.68	51.65	46.59	50.58
SAN MATEO	-	-	97.71	89.70	81.53	78.08	61.05	89.70	48.95
VENTURA	188.97	-	-	-	-	-	-	-	-
	$1,061.30=$106.13	15.1%	$922.35=$92.24	$894.29=$89.43	$836.46=$83.65	$763 = $76.33	$648.18=$64.82	$552.33=$55.23	$484.53=$48.45
INCREASE OVER PRIOR YEAR	15.1%		3.1%	6.9%	9.6%	17.8%	17.4%	14.0%	-

0311A

EMPLOYER SPONSORED DENTAL COVERAGE

COUNTY	PREMIUM COST	EMPLOYER CONTRIBUTION
LOS ANGELES	$ 11.96 - 25.81	$ 11.96 - 15.50
SAN DIEGO	8.23 - 18.48	-0-
ORANGE	32.00	32.00
SANTA CLARA	29.34 - 35.49	29.34 - 35.49
ALAMEDA	7.13 - 46.56	7.13 - 46.56
SAN BERNARDINO	8.75 - 34.11	8.75 - 34.11
SACRAMENTO	40.28	40.28
RIVERSIDE	7.50 - 37.92	2.00 - 25.00
CONTRA COSTA	15.34 - 34.68	15.33 - 34.67
VENTURA	15.17 - 40.08	15.17 - 40.08

NOTE: The only counties surveyed which do not provide an employer paid dental plan are San Francisco and San Diego.

COUNTY

LOS ANGELES

HEALTH PLANS

CONTRIBUTION RATES	BLUE SHIELD	KAISER	MAXICARE	CIGNA ROSS LOOS			AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	-0-	-0-	-0-	-0-			
EMPLOYER	93.83	93.51	93.20	83.80			91.09
TOTAL PREMIUM	93.83	93.51	93.20	83.80			
EMPLOYEE + 1 DEPENDENT	.38	-0-	-0-	-0-			
EMPLOYER	192.00	187.02	177.17	166.03			180.56
TOTAL PREMIUM	192.38	187.02	177.17	166.03			
EMPLOYEE + FAMILY	1.19	1.10	-0-	-0-			
EMPLOYER	215.00	215.00	212.77	198.44			210.30
TOTAL PREMIUM	216.19	216.10	212.77	198.44			

COUNTY

SAN DIEGO COUNTY

HEALTH PLANS

CONTRIBUTION RATES	AETNA	KAISER	GREATER SAN DIEGO	PRUDENTIAL PLUS			AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	67.25	-0-	-0-	-0-			
EMPLOYER	84.62	90.00	84.62	80.12			84.84
TOTAL PREMIUM	151.87	90.00	84.62	80.12			
EMPLOYEE + 1 DEPENDENT	176.85	53.05	37.31	33.31			
EMPLOYER	126.93	126.93	126.93	126.93			126.93
TOTAL PREMIUM	303.78	179.98	164.24	160.24			
EMPLOYEE + FAMILY	274.12	93.11	83.33	70.09			
EMPLOYER	161.75	161.75	161.75	161.75			161.75
TOTAL PREMIUM	435.87	254.86	245.08	231.84			

COUNTY

ORANGE COUNTY

HEALTH PLANS

CONTRIBUTION RATES	PREFERRED CHOICE PLAN	WELLWISE	KAISER	CIGNA (INA)	CIGNA PRIVATE PRACTICE		AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	-0=	-0-	-0-	-0-	-0-		
EMPLOYER	184.76	156.35	93.36	132.72	103.13		134.06
TOTAL PREMIUM	184.76	156.35	93.36	132.72	103.13		
EMPLOYEE + 1 DEPENDENT	63.84	59.80	46.68	58.56	54.16		
EMPLOYER	262.24	216.88	140.03	175.67	162.44		191.45
TOTAL PREMIUM	326.08	276.68	186.70	234.23	216.60		
EMPLOYEE + FAMILY	89.62	83.94	66.10	81.01	72.20		
EMPLOYER	368.15	289.32	198.28	243.05	216.59		263.08
TOTAL PREMIUM	457.77	373.26	264.38	324.06	288.79		

COUNTY

SANTA CLARA COUNTY

HEALTH PLANS

CONTRIBUTION RATES	BLUE CROSS	SANTA CLARA CO. PREFERRED 100	KAISER	TAKECARE	VALLEY HEALTH		AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	-0-	-0-	-0-	-0-	-0-		
EMPLOYER	121.75	93.51	82.12	87.40	93.51		95.66
TOTAL PREMIUM	121.75	93.51	82.12	87.40	93.51		
EMPLOYEE + 1 DEPENDENT							
EMPLOYER							
TOTAL PREMIUM	N/A						
EMPLOYEE + FAMILY	68.77	-0-	11.33	14.17	-0-		
EMPLOYER	197.84	197.84	197.84	197.84	197.84		197.84
TOTAL PREMIUM	266.61	197.84	209.17	212.01	197.84		

COUNTY

ALAMEDA COUNTY

HEALTH PLANS

CONTRIBUTION RATES	BLUE CROSS COMPREHEN. MAJ. MED.	KAISER	HEALTH AMERICA	HEALTH NET	BLUE CROSS PRUDENTIAL BUYER		AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	33.66	-0-	6.80	-0-	-0-		
EMPLOYER	86.80	86.80	86.80	85.84	86.50		86.55
TOTAL PREMIUM	120.46	86.80	93.60	85.84	86.50		
EMPLOYEE + 1 DEPENDENT	79.50	-0-	13.66	.30	-0-		
EMPLOYER	173.60	173.60	173.60	173.60	173.00		173.48
TOTAL PREMIUM	253.10	173.60	187.26	173.90	173.00		
EMPLOYEE + FAMILY	58.02	-0-	27.60	17.66	-0-		
EMPLOYER	233.50	233.50	233.50	233.50	232.14		233.23
TOTAL PREMIUM	291.52	233.50	261.10	251.16	232.14		

COUNTY

SAN BERNARDINO COUNTY

HEALTH PLANS

CONTRIBUTION RATES	BLUE CROSS FLEX-MED	KAISER	INLAND				AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	-0-	-0-	-0-				
EMPLOYER	69.72	92.41	85.69				82.61
TOTAL PREMIUM	69.72	92.41	85.69				
EMPLOYEE + 1 DEPENDENT	-0-	-0-	-0-				
EMPLOYER	142.26	184.32	170.41				165.66
TOTAL PREMIUM	142.26	184.32	170.41				
EMPLOYEE + FAMILY	16.38	80.24	60.37				
EMPLOYER	180.54	180.54	180.54				180.54
TOTAL PREMIUM	196.92	260.78	240.91				

COUNTY

SACRAMENTO COUNTY

HEALTH PLANS

CONTRIBUTION RATES	BLUE CROSS PRUDENT BUYER	SAC. CO. BLUE CROSS	KAISER	HEALTH CARE	FOUNDATION		AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	13.94	.12	-0-	.02	.26		
EMPLOYER	122.56	94.88	82.36	92.22	103.20		99.04
TOTAL PREMIUM	136.50	95.00	82.36	92.24	103.46		
EMPLOYEE + 1 DEPENDENT							
EMPLOYER							
TOTAL PREMIUM							
EMPLOYEE + FAMILY	173.66	98.12	78.68	84.52	103.74		
EMPLOYER	154.34	139.88	134.28	127.36	135.46		138.26
TOTAL PREMIUM	328.00	238.00	212.96	211.88	239.20		

COUNTY

RIVERSIDE COUNTY

HEALTH PLANS

CONTRIBUTION RATES	BLUE CROSS	BLUE CROSS PRUDENT BUYER	KAISER	PACIFICARE	INLAND		AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	-0-	-0-	-0-	-0-	-0-		
EMPLOYER	157.35	104.29	91.85	90.50	98.73		108.54
TOTAL PREMIUM	157.35	104.29	91.85	90.50	98.73		
EMPLOYEE + 1 DEPENDENT	129.02	26.73	9.41	1.56	9.67		
EMPLOYER	174.29	174.29	174.29	174.29	174.29		174.29
TOTAL PREMIUM	303.31	201.02	183.70	175.85	183.96		
EMPLOYEE + FAMILY	233.33	94.00	80.25	84.72	75.96		
EMPLOYER	179.87	179.87	179.87	179.87	179.87		179.87
TOTAL PREMIUM	413.20	273.87	260.12	264.59	255.83		

COUNTY

CONTRA COSTA COUNTY

HEALTH PLANS

CONTRIBUTION RATES	CONTRA COSTA SELF-FUNDED	KAISER	CONTRA COSTA CO. HEALTH	HEALS	IPM	LIFE GUARD	AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	2.73	2.20	.01	5.17	6.95	14.45	
EMPLOYER	130.89	81.33	79.94	84.75	80.80	81.95	89.94
TOTAL PREMIUM	133.62	83.53	79.95	89.92	87.75	96.40	
EMPLOYEE + 1 DEPENDENT							
EMPLOYER							
TOTAL PREMIUM	N/A						
EMPLOYEE + FAMILY	25.00	20.09	.01	38.93	43.29	42.86	
EMPLOYER	278.16	185.41	208.99	184.03	176.09	181.74	202.40
TOTAL PREMIUM	303.16	205.50	209.00	222.96	219.38	224.60	

HEALTH PLANS

CONTRIBUTION RATES	COUNTY BASIC	COUNTY COMPREHEN. 100	COUNTY COMPREHEN. 250	COUNTY COMPREHEN. 500	VENTURA CO PREFERRED PLAN(PHP)	HEALTH NET	HEALTH GROUP INTERNAT'L.	VENTURA IND. PRACTICE PHY.(VIP)	AVERAGE EMPLOYER CONTRIBUTION
EMPLOYEE ONLY	61.21	8.67	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EMPLOYER	215.58	215.58	145.71	133.25	180.37	206.37	209.08	205.83	188.97
TOTAL PREMIUM	276.79	224.25	145.71	133.25	180.37	206.37	209.08	205.83	
EMPLOYEE + 1 DEPENDENT	61.21	8.67	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EMPLOYER	215.58	215.58	145.71	133.25	180.37	206.37	209.08	205.83	188.97
TOTAL PREMIUM	276.79	224.25	145.71	133.25	180.37	206.37	209.08	205.83	
EMPLOYEE + FAMILY	61.21	8.67	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EMPLOYER	215.58	215.58	145.71	133.25	180.37	206.37	209.08	205.83	188.97
TOTAL PREMIUM	276.79	224.25	145.71	133.25	180.37	206.37	209.08	205.83	

RANKING OF COUNTIES BY TOTAL POPULATION

DATE PRINTED: 05/05/87

COUNTY	ESTIMATE	RANKING
BASED ON JANUARY 1986 POPULATION ESTIMATE		
LOS ANGELES	8,246,163	01
SAN DIEGO	2,165,454	02
ORANGE	2,151,472	03
SANTA CLARA	1,398,890	04
ALAMEDA	1,201,408	05
SAN BERNARDINO	1,109,295	06
SACRAMENTO	901,056	07
RIVERSIDE	838,652	08
SAN FRANCISCO	735,972	09
CONTRA COSTA	720,909	10
SAN MATEO	613,982	11
VENTURA	605,433	12
FRESNO	578,926	13
KERN	486,486	14
SAN JOAQUIN	421,454	15
SONOMA	339,387	16
MONTEREY	335,747	17
SANTA BARBARA	335,078	18
STANISLAUS	309,539	19
TULARE	282,983	20
SOLANO	281,054	21
MARIN	225,914	22
SANTA CRUZ	215,005	23
SAN LUIS OBISPO	192,091	24
BUTTE	164,002	25
MERCED	162,662	26
PLACER	139,949	27
SHASTA	131,255	28
YOLO	123,968	29
HUMBOLDT	112,384	30
IMPERIAL	105,788	31
EL DORADO	105,665	32
NAPA	104,024	33
KINGS	85,276	34
MADERA	77,434	35
MENDOCINO	73,658	36
NEVADA	69,200	37
SUTTER	58,664	38
YUBA	54,052	39
LAKE	48,391	40

COUNTY	ESTIMATE
BASED ON JANUARY 1987 POPULATION ESTIMATE	
LOS ANGELES	8,403,535
SAN DIEGO	2,240,658
ORANGE	2,193,614
SANTA CLARA	1,407,949
ALAMEDA	1,214,070
SAN BERNARDINO	1,167,174
SACRAMENTO	928,747
RIVERSIDE	886,241
SAN FRANCISCO	742,681
CONTRA COSTA	734,450
VENTURA	619,329
SAN MATEO	617,088
FRESNO	588,345
KERN	496,236
SAN JOAQUIN	435,733
SONOMA	349,088
SANTA BARBARA	341,753
MONTEREY	341,250
STANISLAUS	320,644
SOLANO	291,264
TULARE	287,853
MARIN	227,617
SANTA CRUZ	220,364
SAN LUIS OBISPO	198,221
BUTTE	167,370
MERCED	166,405
PLACER	144,940
SHASTA	133,752
YOLO	126,497
HUMBOLDT	113,569
EL DORADO	110,016
IMPERIAL	107,748
NAPA	105,167
KINGS	85,734
MADERA	79,265
MENDOCINO	74,653
NEVADA	72,353
SUTTER	59,546
YUBA	54,870
LAKE	49,989

RANKING OF COUNTIES BY TOTAL POPULATION

DATE PRINTED: 05/05/87

COUNTY	ESTIMATE	RANKING	COUNTY	ESTIMATE
BASED ON JANUARY 1986 POPULATION ESTIMATE			BASED ON JANUARY 1987 POPULATION ESTIMATE	
TEHAMA	44,261	41	TEHAMA	45,069
SISKIYOU	42,390	42	TUOLUMNE	42,927
TUOLUMNE	41,713	43	SISKIYOU	42,323
SAN BENITO	31,008	44	SAN BENITO	32,423
CALAVERAS	27,214	45	CALAVERAS	28,794
LASSEN	24,692	46	LASSEN	25,393
AMADOR	23,451	47	AMADOR	24,173
GLENN	22,875	48	GLENN	22,867
PLUMAS	19,277	49	PLUMAS	19,533
DEL NORTE	18,964	50	DEL NORTE	19,467
INYO	18,063	51	INYO	17,972
COLUSA	14,761	52	COLUSA	14,959
TRINITY	13,455	53	MARIPOSA	13,850
MARIPOSA	13,407	54	TRINITY	13,542
MODOC	9,405	55	MODOC	9,327
MONO	9,146	56	MONO	9,286
SIERRA	3,420	57	SIERRA	3,466
ALPINE	1,216	58	ALPINE	1,202

EXHIBIT "E"

RESOLUTION NO. 87-11

TITLE: RESOLUTION IN SUPPORT OF IMPLEMENTATION OF A FLEXIBLE BENEFIT PLAN UNDER INTERNAL REVENUE CODE SECTION 125

WHEREAS, the Health Service Board has reviewed the benefits of providing flexible benefit program under Internal Revenue Code Section 125, and

WHEREAS, it would be advantageous to both the City and its employees to participate in such a program; and

WHEREAS, IRC Section 125 would allow employees to pay medical premiums on a before-tax basis;

THEREFORE, BE IT RESOLVED, that the Health Service Board supports and encourages the implementation by the City of a flexible benefit program under Internal Revenue Code Section 125.

RECOMMENDED BY: Randall B Smith
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED BY:
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: January 19, 1988

VOTE: 4-0 (Deignan, Molinari, absent)

EXHIBIT "F"

HEALTH SERVICE SYSTEM TRUST FUND
As of November 30, 1987

POOLED CASH INVESTMENT REPORT

	CASH BALANCE AS OF MONTH END		POOLED CASH AVG. CURRENT YIELD		INTEREST EARNED TO DATE		
	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88	
						MONTH	YTD
JULY	N/A	$12,904,049	8.60%	8.29%	$55,060.82	$ 89,195.95	$ 89,195.95
AUGUST	$7,313,572	15,603,058	9.33	8.08	102,689.98	105,575.83	194,771.78
SEPTEMBER	10,402,900	11,125,041	9.85	9.34	188,539.20	87,475.67	282,247.45
OCTOBER	11,558,764	16,837,733	10.03	9.74	285,918.95	137,655.76	419,903.21
NOVEMBER	10,391,939	8,389,910	10.03	8.55	373,213.86	60,400.30	480,303.51
DECEMBER	11,089,137		8.94		455,790.84		
JANUARY	10,160,796		9.49		536,694.94		
FEBRUARY	13,352,691		9.10		637,983.27		
MARCH	15,366,037		9.62		761,849.06		
APRIL	13,439,584		10.80		883,921.77		
MAY	11,744,130		11.89		1,001,372.65		
JUNE	11,913,924		9.64		1,097,082.22		

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HEALTH SERVICE SYSTEM
ANNUAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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THURSDAY - JANUARY 28, 1988 - 6:00 P.M.

A G E N D A

1. CALL TO ORDER.

2. PLEDGE OF ALLEGIANCE.

3. ROLL CALL:

PRESIDENT BERNSTEIN	COMMISSIONER MOLINARI
COMMISSIONER DEIGNAN	VICE-PRESIDENT PARETCHAN
COMMISSIONER KRUEGER	COMMISSIONER ZVANSKI

4. PRESIDENT'S REMARKS -

5. COMMISSIONER'S REMARKS -

6. ACTUARY REMARKS -

7. EXECUTIVE DIRECTOR'S REMARKS -

   a. 1986-87 DRAFT ANNUAL REPORT

8. PUBLIC COMMENTS -

9. ADJOURNMENT -

DIST. 'C'

SF
H25
2
9/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - FEBRUARY 9, 1988 - 4:00 P.M.

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A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski
4. Minutes of Regular Meeting of January 19, 1988, submitted for approval.
5. Actuarial Report - Rael & Letson
6. Appeals Committee - Commissioner Paretchan, Chair
7. Budget Committee - Commissioner Zvanski, Chair
   a. 1988-89 Administrative Budget
8. Old Business -
9. New Business
   a. Adoption of 1986-87 Annual Report.
10. Executive Director's Report -
11. Announcements -
12. Adjournment -

Dist. 'C'

SF
H25
#3
2/9/88

Minutes

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - FEBRUARY 9, 1988 - 4:00 P.M.

THE REGULAR BOARD MEETING OF FEBRUARY 9, 1988 WAS CANCELLED DUE TO A LACK OF QUORUM.

SF
H25
#2
2/3/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MARCH 8, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order.
2. Pledge of Allegiance.
3. Roll Call: President Bernstein — Commissioner Molinari
   Commissioner Deignan — Vice-President Paretchan
   Commissioner Krueger — Commissioner Zvanski
4. Minutes of Regular Meeting of January 19, 1988, submitted for approval.
5. Actuarial Report - Rael & Letson
6. Appeals Committee - Commissioner Paretchan, Chair
7. Budget Committee - Commissioner Zvanski, Chair
   a. 1988-89 Administrative Budget
8. Rates and Benefits Committee - Commissioner Krueger, Chair
   a. Recommendation on proposed rates and benefits for contract Health Plans for the 1988-89 Fiscal Year.
   b. Recommendation on City Health Plan I rates and benefits for the 1988-89 Fiscal Year.
   c. Recommendation on funding for development of Chemical Rehabilitation Program.
9. Rules Committee - Commissioner Krueger, Chair
   a. Proposed Membership Rules and Regulation changes to Part II - Membership Rules and Regulations.
10. Old Business -
11. New Business -
    a. Adoption of 1986-87 Annual Report
    b. Compromise of Third Party Lien
       D. Sheridan
       HSS No. 99607
12. Executive Director's Report -
13. Announcements -
14. Adjournment -

Dist. 'C'

SF
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H3
3/8/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MARCH 8, 1988 - 4:00 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF JANUARY 19, 1988, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Zvanski and seconded to approve the minutes of the Regular Meeting of January 19, 1988, as submitted and the motion was adopted (4-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the February experience at 105% for the month and 105% year to date. The prescription drug benefit continues to be the loss leader. He still recommends stronger controls on the drug program in addition to the higher copayments already adopted. (Exhibit 'A')

6. APPEALS COMMITTEE -

Commissioner Paretchan reported no appeals for the month.

7. BUDGET COMMITTEE -

Commissioner Zvanski moved that the recommendation of the Committee to adopt an administrative budget submission of $2,065,224 (Exhibit 'B') be approved. The motion was seconded and adopted unanimously (4-0 vote).

The budget includes a request for 7 new positions and represents a 10.8% increase over the existing budget.

Note: Commissioner Krueger arrived at this time.

8. RATES AND BENEFITS COMMITTEE -

Commissioner Krueger reported the following recommendations of the Committee:

a. Recommendation on proposed rates and benefits for contract health plans for the 1988-89 fiscal year. (Exhibit 'C-1' to 'C-12').

Commissioner Krueger made a motion, which was seconded, to adopt the recommendations as submitted. The motion passed 5-0 vote.

b. Recommendation on City Health Plan I rates and benefits for the 1988-89 fiscal year. (Exhibit 'C-13' to 'C-18').

Commissioner Krueger made a motion, which was seconded, to adopt the recommendations as submitted. The motion passed 5-0 vote.

c. Recommendation on funding for development of Chemical Rehabilitation Program -

A motion was made by Commissioner Deignan, which was seconded, to continue consideration of this item. The motion passed 5-0 vote.

9. RULES COMMITTEE -

a. Proposed Membership Rules and Regulation changes to Part II - Membership Rules and Regulations. (Exhibit 'D-1' to 'D-14')

Commissioner Krueger moved the adoption of the recommended rule changes of the Committee. The motion was seconded and adopted on a 5-0 vote.

10. OLD BUSINESS - None

11. NEW BUSINESS -

a. Adoption of 1986-87 Annual Report

Commissioner Paretchan made a motion, which was seconded, to adopt the 1986-87 Annual Report. The motion passed 5-0 vote.

b. Compromise of Third Party Lien - D. Sheridan, HSS No. 99607 -

Commissioner Krueger made a motion, which was seconded, to approve the compromise in the amount of $3,500. The motion was adopted on a 5-0 vote.

12. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The outstanding claim count has risen to 4,971 versus 3,501 as of the last report. This is an approximate 6.9 day backlog and is primarily caused by the retirement of one claim processor and an increased volume of claims.

b. The Investment Report for February was presented to the Board (Exhibit 'E').

c. A Health Service Board election for the seat occupied by Commissioner Zvanski will be held April 7 to May 6, 1988, pursuant to Charter Section 3.680.

d. The section 125 Cafeteria Plan legislation is due this week from the City Attorney and the legislation will shortly go to the Board of Supervisors.

e. The System has received proposals in response to an RFP from both prepaid and indemnity dental providers. These proposals will be studied for possible inclusion as pre-tax section 125 benefits.

f. The membership accounting system is still not fully operational, but is expected to be up this month.

g. The resolution advocating the inclusion of blood or marriage related relatives and domestic partners has been continued at the call of the chair of the governmental operation committee of the Board of Supervisors.

h. An updated report on AZT usage reflects that although costs are running about $40,000 year to date that most patients are not taking the drug on a continuous basis. It would appear the theory that you can project annual costs for the drug by multiplying the monthly cost times 12 is invalid.

i. The rates of contribution adopted by the Board for 1988-89 will increase premiums from $73.5 million to $81.9 million or an 11.3% increase.

13. ANNOUNCEMENTS -

a. A Rules Committee meeting will be held on March 24th at 9:30 AM.

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 4:35 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE MARCH 8, 1988 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through February 29, 1988

			LOSS RATIO	
(1) MEDICAL BENEFITS	CONTRIBUTIONS	CLAIMS	FOR MONTH	CUMULATIVE
Active Employees	$ 7,060,653[a]	$ 7,084,193	97%	100%
Retired Employees (NM)	2,775,028	2,858,611	134	103
Retired Employees (M)	2,166,764	1,645,163	76	76
Adult Dependents (NM)	2,746,906	3,258,097	102	119
Adult Dependents (M)	315,280	378,705	119	120
Minor Dependents	1,497,315[b]	1,729,307	97	115
TOTAL	$16,561,946	$16,954,076	101%	102%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 843,353	$ 1,084,549	142%	129%
Retired Employees (NM)	349,317	432,617	146	124
Retired Employees (M)	928,119	1,135,000	132	122
TOTAL	$ 2,120,789	$ 2,652,166	138%	125%
(3) VISION CARE COVERAGES				
Active Employees	$ 331,845	$ 371,106	105%	112%
Retired Employees (NM)	77,753	90,413	135	116
Retired Employees (M)	196,060	166,543	90	85
TOTAL	$ 605,658	$ 628,062	104%	104%
(4) ALL COVERAGES				
Active Employees	$ 8,235,851	$ 8,539,848	102%	104%
Retired Employees (NM)	3,202,098	3,381,642	135	106
Retired Employees (M)	3,290,943	2,946,706	93	90
Adult Dependents (NM)	2,746,906	3,258,097	102	119
Adult Dependents (M)	315,280	378,705	119	120
Minor Dependents	1,497,315	1,729,307	97	115
TOTAL	$19,288,393	$20,234,304	105%	105%

[a] Includes $ 393,336 of expected interest subsidy.

[b] Includes $ 206,664 of expected interest subsidy.

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12/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - APRIL 12, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Krueger, George E.
Gaggero, Joseph A. Paretchan, Harry
Johnson, F. Walter Renne, Louise H.
Katz, Robert A.

4. Minutes of Regular Meeting of March 8, 1988, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee Recommendations - Commissioner Paretchan, Chair

7. Rules Committee Recommendations - Commissioner Krueger, Chair

   a. Patricipation in the Preferered Provider Program by psychologists, LCSW and MFCC's who are specialists in law enforcement problems.

   b. Implementation of Case Management and Mandatory Second Surgical Opinion Programs.

   c. Changes to Part III - Rules of Coverage.

   d. Changes to Part II - Membership Rules and Regulations.

8. Old Business -

9. New Business -

   a. Compromise of Third Party Lien - L. Chitmon, HSS No. 74113.

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

Dist. 'C'

HEALTH SERVICE BOARD

April 12, 1988

This meeting was not held; the agenda was continued to April 19, 1988.

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - APRIL 19, 1988 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of March 8, 1988, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee Recommendations - Commissioner Paretchan, Chair

7. Rules Committee Recommendations - Commissioner Krueger, Chair

   a. Participation in the Preferred Provider Program by psychologists, LCSW and MFCC's who are specialists in law enforcement problems.

   b. Implementation of Case Management and Mandatory Second Surgical Opinion Programs.

   c. Changes to Part III - Rules of Coverage.

   d. Changes to Part II - Membership Rules and Regulations.

8. Old Business -

9. New Business -

   a. Compromise of Third Party Lien - L. Chitmon, HSS No. 74113
      F. Acosta, HSS No. 70113

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - APRIL 19, 1988 - 4:05 P.M.

1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF MARCH 8, 1988, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Zvanski and seconded to approve the minutes of the Regular Meeting of March 8, 1988, as submitted and the motion was adopted (5-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the experience through March, 1988, which reflected a loss ratio of 107% for the month and 105% year to date (Exhibit 'A'). Again, the experience of the prescription drug benefit was extremely bad at 177% for the month which raised the loss ratio for this benefit to 131% for the year to date.

It was also noted that the amount of allocated contributions have been affected by the delay in implementation of the new Membership accounting system.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported that no appeals were heard during the month.

7. RULES COMMITTEE RECOMMENDATIONS -

Commissioner Krueger reported the following recommendations of the Rules Committee:

a. Participation in the Preferred Provider Program by psychologists, LCSW and MCSS's who are specialists in law enforcement problems (Exhibit 'B-1'). A motion was made by Commissioner Zvanski, and seconded to adopt the Committee recommendation. The motion passed 4-1 (Krueger).

7. RULES COMMITTEE RECOMMENDATIONS (cont'd) -

   b. Implementation of Case Management and Mandatory Second Surgical Opinion Programs (Exhibit 'B-2'). A motion was made by Commissioner Paretchan and seconded to adopt the Committee's recommendation. The motion passed 5-0 vote.

   c. Changes to Part III - Rules of Coverage (Exhibit 'B-3' to 'B-22'). A motion was made by Commissioner Paretchan and seconded to adopt the Committee's recommendation. The motion passed 5-0 vote.

   d. Changes to Part II - Membership Rules and Regulations (Exhibit 'B-23' to 'B-25'). A motion was made by Commissioner Paretchan and seconded to adopt the Committee recommendation. The motion passed 5-0 vote.

8. OLD BUSINESS - None

9. NEW BUSINESS -

   a. Compromise of Third Party Lien -

      L. Chitmon, HSS No. 74113 (Exhibit 'C-1')
      F. Acosta, HSS No. 70113 (Exhibit 'C-2')

   A motion was made by Commissioner Paretchan and seconded, to accept the compromise payments as recommended by the City Attorney. The motion passed 5-0 vote.

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

   a. The outstanding claim count as of April 8th is 4,023. The situation has been worsened by the retirement of a claims processor in March.

   b. The Investment Report (Exhibit 'D') through March was submitted to the Board.

   c. French Hospital Health Plan has advised us that their administrative office have been moved from French Hospital to South San Francisco as of April 11th.

   d. The section 125 Cafeteria Plan was passed by the Board of Supervisors for first reading on April 18th.

   e. The Open Enrollment materials will be sent interoffice to active employees and by U.S. mail to retired employees. It is anticipated that they would be distributed in a timely manner.

11. ANNOUNCEMENTS -

   a. President Bernstein recognized Tom McDonough, President of the Retired Employees Association who invited the Board and Executive Director to the organization's annual luncheon on May 26th.

11. ANNOUNCEMENTS (cont'd.)

b. Although Commissioner Zvanski was the only nominee for the upcoming Health Service Board election, the City Attorney has ruled that an election must still be held. There is a recommendation by the City Attorney to amend the Charter to eliminate the need for an election and its expense should a situation such as this occur in the future.

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 4:37 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE APRIL 19, 1988 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through March 31, 1988

(1) MEDICAL BENEFITS	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
Active Employees	$ 8,192,098[a]	$ 7,976,805	79%	97%
Retired Employees (NM)	3,076,593	3,271,644	137	106
Retired Employees (M)	2,406,488	1,895,075	104	79
Adult Dependents (NM)	3,164,810	3,766,800	122	119
Adult Dependents (M)	352,229	415,335	99	118
Minor Dependents	1,731,482[b]	1,980,666	107	114
TOTAL	$18,923,700	$19,306,324	100%	102%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 981,906	$ 1,292,111	150%	132%
Retired Employees (NM)	387,245	512,895	212	132
Retired Employees (M)	1,031,305	1,342,252	201	130
TOTAL	$ 2,400,456	$ 3,147,259	177%	131%
(3) VISION CARE COVERAGES				
Active Employees	$ 386,418	$ 418,893	88%	108%
Retired Employees (NM)	86,206	101,645	133	118
Retired Employees (M)	217,846	190,299	109	87
TOTAL	$ 690,470	$ 710,838	98%	103%
(4) ALL COVERAGES				
Active Employees	$ 9,560,422	$ 9,687,809	87%	101%
Retired Employees (NM)	3,550,044	3,886,185	145	109
Retired Employees (M)	3,655,639	3,427,626	132	94
Adult Dependents (NM)	3,164,810	3,766,800	122	119
Adult Dependents (M)	352,229	415,335	99	118
Minor Dependents	1,731,482	1,980,666	107	114
TOTAL	$22,014,626	$23,164,421	107%	105%

[a] Includes $ 442,503 of expected interest subsidy.
[b] Includes $ 232,497 of expected interest subsidy.

ITEM NO. 7a - PARTICIPATION IN THE PREFERRED PROVIDER PROGRAM BY PSYCHOLOGISTS, LCSW AND MFCC'S WHO ARE SPECIALISTS IN LAW ENFORCEMENT PROBLEMS.

This item was referred to Committee by full Board at the December 15, 1987 meeting.

This issue is whether the System should contract directly with approximately 12 psychologists, LCSW and MFCC's who are specialists in law enforcement personnel problems. This request was made by the Police Department's Employee Assistance Division and introduced by Commissioner Deignan.

The situation is that 3 of about 15 specialists are currently participating in the PPO program through their affiliation with the physician group at PMC. Another 12 individuals do not have hospital affiliation with a PPO hospital and currently have no vehicle for participation in the PPO.

The System has contracted in the past with freestanding providers who have no hospital affiliation such as radiologists, independent laboratories, physical therapists and chiropractors. However, the more providers that you contract with who don't provide a single umbrella organization to facilitate administration, the more administrative problems you are creating.

Staff Recommendation:

Encourage participation through PPO Hospital affiliation, if possible. If this is not possible, then the Board should decide if freestanding psychologists, MFCC, LSW should be contracted with directly and at what rates.

Committee Recommendation:

Approve the offering of professional service contracts to those qualifying professionals recommended by the Police Department's EAP on the basis of a $5.00 per unit RVS fee for psychologists and $3.75 per unit RVS for licensed clinical social workers and marriage, family and child counselors. (2-0 vote, Krueger absent)

Board Action: Approve Committee Recommendation (4-1 Krueger)

ITEM NO. 7b - CONSIDERATION OF A CASE MANAGEMENT AND SECOND SURGICAL OPINION PROGRAM.

BACKGROUND:

These two cost containment programs are recommended for implementation for the benefit year commencing July 1, 1988.

The Committee will hear from two of the three organizations which currently provide us with pre-certification and concurrent hospital utilization review services to determine who should administer these programs and the type of programs to be implemented. Those organizations are PPR (Pacific Peer Review) and Preferred Health Network/Select Health. HCE (Health Care Evaluation, Inc.), the other organization currently provides us service in Tuolumne County.

The Committee should be considering both the feasibility of using one provider for hospital utilization review as well as these adjunct programs or of continuing with the current arrangement of three providers with each organization handling the case management and surgical opinion program for those cases referred to them.

PPR reviews about 1,050 - 1,140 hospital admissions per year at $30 per admission. They review all admissions in the Bay Area except those admissions involving SELECT Health network physicians.

PHN/Select Health reviews about 530-630 admissions per year at a flat fee cost of $2,457 per month. This fee does include some ancillary services. HCE reviews about 20-25 admissions per year at a cost of $87 per month.

Staff Recommendation:

Continue UR services with PPR & PHN and add both case management and second opinion programs as additional services to be provided under each of their contracts. The mechanics of each program and the final financial details to be determined and brought to the full Board for approval.

Preliminary fees would be $4,300 per month effective July 1, 1988 for PHN for all current services as well as case management and second opinion. Current fees are $4,095 per month or 5% less.

PPR fees for UR would remain at $30 per discharge. Case Management is tentatively set at $60 per hour and second opinion has yet to be determined on a per case basis.

Also authorize transmission of tape information to PHN/ Concurrent Review Technology, Inc. - ID No. only (no names) for analysis of cost savings on the ambulatory review.

Committee Recommendation:

Adopt staff recommendation and additionally determine if Pacific Peer Review will guarantee a 2-year rate of $35.75 per hour (the current Blue Cross rate) for hospital bill audit service. (2-0 vote, Krueger absent)

Board Action: Approve Committee Recommendation 5-0 vote.

ITEM NO. 7c PROPOSED RULES OF COVERAGE CHANGES TO CITY HEALTH PLAN I EFFECTIVE JULY 1, 1988.

NOTE: ((Bracketed words)) are proposed deletions from existing Rules and underlined words are proposed additions to the Rules and Regulations of the Health Service System.

Staff Recommendation:

Adopt changes to Rules of Coverage to reflect those benefit changes previously adopted by the Board.

Committee Recommendation:

Adopt changes reflected on attached Rules of Coverage (2-0 vote, Krueger absent)

Note: The committee also heard rule change proposals in the following areas:

1. Prescription drugs dispensed in physician's office
2. Autologous (self) blood donor fees
3. Aids Testing
4. Hepatitis B
5. Cardiac Rehabilitation Programs
6. Weight Control Programs

Staff was directed to formulate rule language on these subjects and submit the proposed rules to the Committee for further action.

Board Action: Approve Committee Recommendation 5-0 vote.

PART III CITY HEALTH PLAN I RULES OF COVERAGE

SUMMARY OF HEALTH PLAN BENEFITS

A - COMPREHENSIVE MAJOR MEDICAL

The Health Plan Comprehensive Major Medical benefits are as follows:

1 - PURPOSE OF THESE BENEFITS

This coverage is designed to pay a substantial amount toward the heavy expenses resulting from serious accidental bodily injury or illness not connected with employment.

2 - AMOUNT OF BENEFITS

Payment will be made for 80% of the first $20,000 and 100% of the balance of all covered expenses incurred on account of illness or injury in excess of the deductible amount for each individual covered with the exception of the following covered expenses which are paid pursuant to the Fee Schedule established annually by the Health Service Board:

- Hospital Emergency Room facility charges in emergency and non-emergency situations.
- Selected outpatient surgical procedures as defined in Section A, subsection 6c3.
- Mental health treatment as defined in Section A, Subsection 6j.
- Ambulance services
- Durable medical equipment purchase.

The maximum major medical co-payment incurred by all covered persons in any one family shall be $10,000 per fiscal year.

Benefits will be paid under this plan up to a maximum of $1,000,000 with respect to any one individual's lifetime with the exception that the maximum benefit for charges incurred as the result of mental health treatment both annually and lifetime shall be as provided in the Fee Schedule established annually by the Health Service Board.

3 - DEDUCTIBLE AMOUNT

The deductible amount during any one fiscal year will be the sum of:

(a) the cash deductible currently in effect (($150)) $175 and

(b) the total amount of benefits including the value of benefits provided on a service basis, with respect to covered charges incurred during such fiscal year under Plan I of the 'Health Service System' and under the California Unemployment Insurance Code and

(c) amounts paid or payable by any other group insurance plan.

The total Cash Deductible to be applied during any Fiscal Year to the total Covered Expenses incurred by all Covered Persons in any one family during said Fiscal Year shall in no event exceed (($300)) $350. The term "family" as used herein shall include only the employee and his covered dependents.

Irrespective of the above, however, the Cash Deductible will be waived for up to one year with respect to Covered Expenses incurred as a result of accidental bodily injury.

4 - WHEN BENEFITS BEGIN

Benefits begin when, during any fiscal year, a covered person incurs covered expenses in excess of the deductible amount.

5 - CONTINUANCE OF BENEFITS

Benefits, once begun, will continue for all covered expenses in excess of the deductible amount for the duration of the fiscal year; further payment will be subject to re-application of the deductible amount.

6 - COVERED EXPENSES

Covered expenses shall be reimbursed as provided in the Fee Schedule set forth annually by the Health Service Board and shall consist of those usual, customary and reasonable charges as adopted by the Health Service Board for the following services, supplies and treatment which are medically necessary for the care and treatment of an injury or illness:

a. HOSPITAL BENEFITS

1. Hospital benefits shall be provided for inpatient or outpatient covered services of a hospital for medical or surgical treatment prescribed by a licensed doctor of medicine. Hospital benefits shall include room and board and other services in a legally constituted and operated hospital, having organized facilities for the care and treatment of sick and injured persons, including facilities for diagnosis and surgery and providing twenty-four hour nursing service and medical supervision, but not including any charges in excess of the hospital's established semi-private room rate unless a physician and the independent hospital utilization review organization certifies the medical necessity of an intensive care unit or private room.

   In addition, the following services provided in the hospital are covered:

   - A hospital room of two or more beds, including meals, services of a dietition and general nursing care.
   - Operating, delivery and specialized treatment rooms.
   - Surgical and anesthetic supplies when furnished by the hospital as a regular service.

- Hospital ancillary services, including laboratory, cardiology, pathology, radiology and any professional component for such services.

- Physical therapy when furnished by the hospital as a regular service.

- Radiation therapy, chemotherapy and renal dialysis treatment.

- Drugs and oxygen used during hospitalization.

- Administration of blood, unreplaced blood, or blood processing.

- Take home medications

2. Hospital benefits for dental care may also be provided but only if a doctor of medicine certifies (1) that a person covered has a non-dental organic impairment which makes hospitalization necessary to safeguard the health of the patient from the effect of dentistry, or (2) that a surgical procedure is necessary for the repair or alleviation of damage to the person caused by bodily injury sustained while the person is covered under the plan and within 120 days after the accident.

3. Hospital benefits are provided for conditions treated by a doctor of podiatry legally licensed to practice podiatry.

4. Hospital benefits for alcohol or drug dependency shall be provided for detoxification treatment only to a maximum of 30 hospital days per fiscal year.

5. Hospital benefits for use of an emergency room in an emergency situation and non-emergency situation shall be a covered expense. Emergency room charges may include the following:

   - cost of laboratory, cardiology, pathology, radiology and any professional component fee

   - surgical and anesthetic supplies

   - drugs and oxygen used.

   An emergency is defined as a sudden serious and unexpected illness or injury requiring immediate medical attention, which has sudden and severe symptoms, or which threatens life or limb or which involves uncontrolled bleeding or which would result in permanent disability if the delivery of medical care were delayed. Guideline 83-10c shown in the appendices to these Rules of Coverage shall be used in administering this benefit.

b. SKILLED NURSING FACILITY BENEFITS

Benefits shall be provided for covered services provided in a Skilled Nursing Facility approved for Medicare and incurred as the result of a confinement in such facility which commences within 14 days immediately following a hospital confinement of at least 3 days duration and is due to the same cause. In no event, however, will benefits be payable for charges in excess of the room and board limit established by Section B-Major Medical, subsection 6(a) Covered expenses - Room and Board or for more than 120 days confinement in such Skilled Nursing Facility within any one Fiscal Year.

c. SURGICAL BENEFITS

1. Surgical benefits shall be provided for the costs of surgical operations performed by a doctor of medicine licensed to practice medicine and surgery.

2. Surgical benefits shall be provided for the cost of surgical operations performed by a doctor of podiatry legally licensed to practice podiatry.

3. Surgical benefits shall consist of 100% reimbursement of usual, reasonable and customary covered charges for selected surgical procedures which are performed on an outpatient ambulatory basis, i.e., surgery does not require admission to a hospital as a registered bed patient. Those surgical procedures which qualify for this benefit are the following:

Drainage of pilonidal cyst
Excision of malignant skin lesions
Excision of ingrown toenails
Biopsy of lymph node
Repair of lip wounds
Repair of laceration of tongue
Blepharoplasty (repair of drooping upper eyelids)
Tympanostomy (ear drum)
Colonoscopy
Proctosigmoidoscopy
Simple hemorrhoidectomy (rubber band)
Hernia repair, umbilical or inguinal
Dilation of esophagus
Revision of enterostomy
Esophagogastroduodenoscopy
Aspiration of breast cyst
Needle biopsy of breast cyst
Incisional biopsy of breast
Excision of cyst, fibro-adenoma or other benign tumor of breast
Cystoscopy
Vasectomy
Pelvic examination under anesthesia (independent procedure)
Dilation and curettage (cervix and uterus)
Nerve blocks

Hammer toe operation
Reduction of fracture of humerus
Excision of ganglion
Reduction of fracture of wrist
Manipulation of hip joint
Manipulation and reduction of ankle fracture
Repair of tendon
Application of body casts
Application of leg casts
Heart catheterizations
Diagnostic bronchoscopy
Placement of central venous catheter for hyperalimentation
Creation of arterial venous shunts (for hemodialysis)
Surgery for varicose saphenous veins.

4. Surgical benefits shall be provided for radiation therapy, radiotherapy, radiosotope therapy and x-ray therapy for treatment of benign and malignant diseases.

5. Surgical benefits shall be provided for anesthesia and its administration.

6. Surgical benefits shall be provided for chemotherapy for malignant disease when provided on an episodic basis by a physician. Coverage is provided for the following categories of therapy: parenteral, infusion (continuous or intermittent), perfusion, and intracavitary, and include benefits for catheterization, physician visits, drugs and solutions, and pump regulations and servicing. Benefits are not provided for experimental or research chemotherapy drugs (antineoplastic agents).

d. MATERNITY BENEFITS

Benefits shall be provided for hospital and obstetrical services under the provisions provided for hospital and surgical benefits.

Charges of a licensed nurse midwife may be covered in lieu of obstetrician fees. In the event of complications and the services of a physician are required the Health Service will cover both providers only up to the benefit limit for the service provided based on the services rendered as determined by medical review of the Health Service System.

e. NEWBORN BENEFITS

Benefits shall be provided for covered medical and nursery care if the newborn is enrolled in the Health Plan within thirty (30) days of birth and the mother is covered under the Health Plan on date of birth. Otherwise, benefits of the Health Plan commence at the time the newborn is no longer hospital confined.

f. WELL BABY BENEFITS

Benefits shall be provided for well baby visits, limited to twenty-four (24) well visits during the first two (2) years of life.

g. PHYSICIAN VISIT BENEFITS

Benefits shall be provided for services of physicians for treatment of illness or injury including:

- Visits to the office, home, hospital or skilled nursing facility
- Extra time spent when a physician is detained to treat a patient in critical condition
- Services of consultants
- Necessary pre-operative treatment
- Treatment of burns
- Services in connection with kidney dialysis.

h. IMMUNIZATION BENEFITS

Benefits shall be provided for routine immunizations for a covered minor dependent to the age of but not including eighteen (18) years of age.

i. OUTPATIENT X-RAY AND LABORATORY BENEFITS

Benefits shall be provided for diagnostic x-ray services, diagnostic examinations, and clinical laboratory services are covered when provided to diagnose illness or injury.

j. MENTAL HEALTH BENEFITS

Benefits shall be provided for treatment of or care for mental or emotional disease or disorder or any functional nervous disorders for services of a licensed psychiatrist, psychologist, clinical social worker, or marriage, family and child counselor (upon referral by a physician) for office visits or consultations and shall be paid at the copayment percentage and to the limit provided in the Fee Schedule.

Inpatient hospitalization benefits shall be provided for covered services at a hospital as defined in Section H-Definitions and shall be paid at the copayment percentage and to the limits provided in the Fee Schedule.

The maximum Mental Health benefit as to all services payable lifetime for a covered individual shall be as provided in the Fee Schedule.

k. AMBULANCE BENEFIT

Benefits shall be provided for medically necessary licensed ambulance service to or from a hospital ordered by a Doctor of Medicine or deemed an emergency by the Health Service System and such service shall be covered at the rate set forth in the Fee Schedule annually by the Health Service Board.

l. SPEECH THERAPY BENEFIT

Benefits shall be provided for Speech therapy by a qualified therapist (when ordered by a doctor) to restore or rehabilitate any speech loss or impairment caused by injury or sickness except a mental, psychoneurotic, or personality disorder or by surgery for that injury or sickness. In the case of congenital defect, speech therapy expenses will be considered only if incurred after corrective surgery for the defect.

m. PHYSICAL AND OCCUPATIONAL THERAPY BENEFITS

Benefits shall be provided for physical and occupational therapy treatment, when prescribed by a physician and rendered by a licensed registered physical therapist, occupational therapist, DPM or Doctor of Medicine.

n. CHIROPRACTIC BENEFITS

Benefits shall be provided for chiropractic treatment services which shall include x-ray and lab services provided by a licensed Chiropractor up to the maximum allowance provided by the Fee Schedule per fiscal year.

o. ACUPUNCTURE BENEFITS

Benefits shall be provided for acupuncture treatment services provided by a licensed Acupuncturist or Doctor of Medicine up to the maximum allowance provided by the Fee Schedule per fiscal year.

p. DENTAL BENEFITS

Benefits shall be provided for dental sevices and oral surgery if they are for the prompt repair of natural teeth or other body tissue required as a result of an injury which occurs while the individual is covered under this Plan and within 120 days after the accident. This excludes any dental prosthesis.

The only other benefits provided for dental services and oral surgery are for the following:

(1) the extraction of a partially or completely bony impaction

(2) the excision of a tooth root without extraction of the tooth;

(3) root canal therapy

(4) treatment or removal of tumors of the gums.

For the purpose of the dental services and oral surgery recognized above the services of a dentist are covered.

((q. NURSING BENEFITS

Benefits shall be provided for professional services requiring the technical skills of a registered nurse or a licensed vocational nurse in connection with illness or injury when certified as medically necessary by the attending physician.

A copy of the doctor's orders must be submitted with the name, license number, title of the provider, exact dates and hours of service.

This benefit does not include inpatient nursing care provided by a surgical nurse, or routinely provided by the hospital as a basic hospital service; nor is this benefit payable for services such as bathing, feeding, exercising, or any other services which do not require the nurse's professional skills)).

q ((r)). PROSTHETIC APPLIANCES, DURABLE MEDICAL EQUIPMENT AND MEDICAL SUPPLY BENEFITS

Benefits shall be provided for rental of durable medical equipment or purchase of covered medical appliances and supplies.

The medical necessity for these appliances, equipment and supplies must be substantiated by the attending physician. The major areas of coverage are as follows:

- Prosthetic appliances, e.g., artificial limbs and eyes and their fitting; orthopedic braces, including shoes only when permanently attached to such braces, crutches, and splints.
- Oxygen and other gases and its administration.
- Rental of wheel chair, hospital bed, iron lung, and other durable medical equipment, but excluding rental charges in excess of the purchase cost of such equipment.
- Colostomy supplies.

Purchase of durable medical equipment is subject to prior approval of the Health Plan and is covered at the copayment percentage provided in the Fee Schedule and at a maximum allowed charge which does not exceed the standard cost of such durable medical equipment. Guideline 81-04c shown in the appendices to these Rules of Coverage shall be used in administering this benefit.

B - FEE SCHEDULE
Effective July 1, 198((7)) 8

TYPE OF SERVICE	LIMITATIONS	MAJOR MEDICAL BENEFIT
HOSPITAL		
Inpatient Services	Excludes the difference between semi-private and private room unless medically necessary	80% of first $20,000 and 100% of balance of usual and reasonable covered charges
Nursery Services	Newborn covered if mother enrolled under the health plan	80% of first $20,000 and 100% of balance of usual and reasonable covered charges
Outpatient Services		80% of first $20,000 and 100% of balance of usual and reasonable covered charges
Emergency Room	Treatment for injury or illness defined as an emergency	((100%)) 80% of covered facility charges without application of deductible
	Treatment for non-emergency illness	$25 copayment, then 80% of usual and reasonable covered charges
Inpatient Alcohol or drug detoxification	Excludes the difference between a semi-private and a private room unless medically necessary	80% of first $20,000 and 100% of balance of usual and reasonable charges
MEDICAL		
Physician visits or Consultations Office, Home and Hospital		80% of first $20,000 and 100% of balance of usual and reasonable covered charges
Well Baby Visits	Well visits limited to 24 visits during first 2 years of life	80% of first $20,000 and 100% of balance of usual and reasonable covered charges

TYPE OF SERVICE	LIMITATIONS	MAJOR MEDICAL BENEFIT
Immunizations	Routine immunizations to 17 years of age	80% of first $20,000 and 100% of balance of usual and reasonable covered charges
Chemotherapy Diagnostic X-Ray and Laboratory Services Radiation Therapy		80% of first $20,000 and 100% of balance of usual and reasonable charges
SURGERY		
Surgery Anesthesia		80% of first $2,000 and 100% of balance of usual and reasonable covered charges
MENTAL HEALTH CARE		
Outpatient visit/consultation		50% of UCR covered charges to maximum of 20 visits per fiscal year
Inpatient visit/consultation		50% of UCR covered charges to maximum of 20 visits or the $5,000 inpatient maximum per fiscal year
Inpatient Hospitalization		50% of covered charges to maximum of 20 hospital days or $5,000 per fiscal year
OTHER SERVICES		
Acupuncture Services		80% of UCR up to maximum of $750 benefit per fiscal year
Ambulance Service		100% of the first $125 per incident and 80% of the balance of UCR covered charges

TYPE OF SERVICE	LIMITATIONS	MAJOR MEDICAL BENEFIT
Chiropractic Services		80% of UCR up to maximum of of $750 benefit per fiscal year
Dental Services		80% of first $20,000 and 100% of balance of UCR covered charges
Durable Medical Equipment Purchase		50% of standard cost of equipment subject to prior plan approval
Prosthetic Appliances, Durable Medical Equipment and Medical Supplies	Rental of durable medical equipment not to exceed standard purchase price of such equipment	80% of first $20,000 and 100% of balance of UCR covered charges
Physical/Occupational Therapy		80% of first $20,000 and 100% of balance of UCR covered charges
Skilled Nursing Facility	maximum of 120 days per fiscal year	80% of first $20,000 and 100% of balance of usual and reasonable covered charges
Speech Therapy		80% of first $20,000 and 100% of balance of UCR covered charges
MAJOR MEDICAL COVERED CHARGE MAXIMUMS		
Fiscal Year Deductible		(($150.00)) $175.00 per year
Family Deductible Limit		(300.00)) $350.00 per year
Individual Co-Payment Limit		4,000.00 per year
Family Co-Payment Limit		10,000.00 per year
Maximum Lifetime Benefit		1,000,000.00
Acupuncture Outpatient Limit		750.00 per year
Chiropractic Outpatient Limit		750.00 per year
Mental Health Inpatient Limit		5,000 or 20 hospital visits/consultations per year
Mental Health Outpatient		20 visits/consultations per year
Mental Health Lifetime Limit		$10,000.00

The usual, customary and reasonable fee (UCR) for charges made on covered services shall be established at the 90th percentile of all services rendered under that Relative Value Procedure for the period July 1, ((1986)) 1987 through June 30, ((1987)) 1988 provided that RVS procedure reflects the charges of five or more different providers.

Notwithstanding the above provision, all other rated RVS procedures which do not reflect enough activity to establish an appropriate UCR charge will be assigned a maximum allowance per unit based on the following conversion factors dependent on the modality of service category within which it is shown in the 1974 California Relative Value Studies:

Medicine	$ 8.00	per unit
Anesthesia	43.00	
Surgery	188.00	
Radiology	16.00	
Pathology	1.69	
Physical Therapy	6.98	
Psychiatry	6.25	

C - THE PREFERRED PROVIDER PROGRAM

INTRODUCTION

The Preferred Provider Program is a benefit available to any covered member or dependent of the Health Plan each time there is a need to seek medical care. If you or your covered dependent use a participating hospital, physician or other health care professional, you will receive the special benefits provided by this program.

You have total freedom of choice to use the Preferred Providers at any time you wish. You are never locked into using the participating hospitals and physicians. IF YOU CHOOSE NOT TO USE A PREFERRED PROVIDER, YOUR REGULAR CITY HEALTH PLAN BENEFITS APPLY.

The Preferred Provider Program includes a network of some of the Bay Area's most respected physicians and hospitals delivering fee-for-service health care. This care is provided in the offices of private physicians and in acute-care hospitals. Participating providers currently include eighteen hospitals located throughout the Bay Area and over 1,500 physicians and other health care professionals affiliated with these hospitals.

PROVIDERS OF MEDICAL CARE

The following hospitals and their affiliated physicians are currently participating in the program:

San Francisco County
- Children's Hospital
- Mount Zion Hospital
- Presbyterian Hospital
- Garden Sullivan Hospital
- St. Luke's Hospital
- St. Mary's Hospital

Alameda County
- Alta Bates Hospital, Berkeley & Albany
- Herrick Hospital, Berkeley
- Washington Hospital, Fremont

Contra Costa County
- John Muir Hospital, Walnut Creek

Marin County
- Marin General Hospital
- Novato Community Hospital

San Mateo County
- Mills Memorial, San Mateo
- Peninsula Hospital, Burlingame

Santa Clara County
- San Jose Hospital

Sonoma County
- Petaluma Valley Hospital, Petaluma
- Santa Rosa Mem. Hospital, Santa Rosa

Tuolumne County
- Sonora Community & Sierra Hospitals

Service System.

HOW TO USE THIS PROGRAM

. Contact your physician's office to arrange a medical appointment.

. Whenever you arrange for an appointment or go to a participating physician or hospital, use your Health Plan identification card.

SUMMARY OF BENEFITS AND COPAYMENTS

TYPE OF BENEFIT	SERVICES PROVIDED BY PARTICIPATING PROVIDER	YOU PAY
Allergy Injection		$ 3.00 visit
Physician Visit	For diagnosis and treatment of illness or injury	$((5)) 10 visit
Consultation	Consultation with or referral to other participating physicians	$((5)) 25 visit
	Home visit	$((15)) 20 visit
Inpatient Hospital Services	Benefits to cover room and board for semi-private accommodations and general nursing care	((No charge)) $200 per admission
Inpatient Surgery	Surgical Services to include surgeon, assistant surgeon and anesthesiologist	$100.00 per admission ((No charge))
Surgery in Physician's office or Hospital Outpatient Facility		$((5)) 15 visit
Ambulatory Facility Charge at hospital or Freestanding Facility		$100 per service
Outpatient Diagnostic X-ray((and Laboratory Services))	((Laboratory and)) X-ray services at physician's office	((No charge)) $15 per visit
	X-Ray services at hospital	$25 per visit
Outpatient Laboratory Services	Laboratory Services performed at hospital or independent laboratory	$5 per visit or service
	Laboratory services performed at or billed by physician	$5 per visit
Maternity Care	Physician services for mother and child including prenatal and postnatal care provided the newborn is enrolled within thirty days from the date of birth	((No charge)) $200 per hospital admission and $100 physician copayment
Skilled Nursing Care	Short-term rehabilitation services	((No charge)) $200 per admission
Physical, Occupational and Speech Therapy	Short-term rehabilitation therapy	$((5)) 10 visit

Mental Health Services Inpatient or outpatient Consultation	20 visits maximum per fiscal year for treatment of mental illness	$25 visit
Inpatient Hospitalization	20 days maximum per fiscal year for acute psychiatric care	$25 per day
Alcohol or Drug Inpatient Hospitalization	Detoxification only maximum of thirty days per fiscal year	((No charge)) $200 per admission
Emergency Room Services	Treatment for sudden or severe injury or illness	((No charge)) $25 per visit
	Treatment of illness of a non-emergency nature	$((25)) 50 per visit

LIMITATIONS AND EXCLUSIONS

All limitations and exclusions of the standard plan are applicable to the Preferred Provider Program. In addition, the following limitations and exclusions apply:

The mental health consultation benefits is limited to the maximum of 20 consultations/visits per fiscal year, whether provided under the standard plan benefit or preferred provider benefit.

The mental health inpatient hospitalization benefit is limited to the maximum of 20 days per fiscal year, whether provided under the standard plan benefit or preferred provider benefit.

The use of a Hospital Emergency Room in a non-emergency situation is subject to a (($25)) $50 co-payment.

The skilled nursing facility benefit is limited to 120 days per fiscal year whether provided under the standard plan benefit or preferred provider benefit.

Personal comfort items in the hospital such as television rental, telephone, and the cost differential of a private room which is not medically necessary are not covered.

There is a co-payment of 20 percent of charges for allergy testing.

NO COPAYMENTS CALLED FOR UNDER THE PREFERRED PROVIDER PROGRAM CAN BE USED TO SATISFY THE MAJOR MEDICAL DEDUCTIBLE REQUIREMENTS OF THE STANDARD PLAN.

D - PRESCRIPTION DRUG PLAN

This is a plastic card type Prescription Drug Plan, with only one card issued per family for Plan I members and covered dependents. If you cannot find a participating pharmacy in your neighborhood, contact the Health Service System office. They have a complete listing of all participating pharmacies in your area.

HOW TO USE YOUR PLAN

There are only THREE simple steps for you to follow.

1. Utilizing a participating pharmacy, present your card to the pharmacist with your prescription each time you need to have a prescription filled or refilled.

2. Complete your portion of the claim voucher, sign in the form verifying that the information is correct.

3. Pay to the pharmacist only the amount shown as the copayment (deductible) on the identification card.

If you use a non-participating pharmacy or if you forget your card, it will be necessary for you to file a Direct Reimbursement Claim. These forms are available upon request from the Health Service System office. Have the form completed by the pharmacist and mail to the address on the form. You will receive reimbursement on the basis of a (($5.00)) $9.00 copayment and then 80% of the cost of prescription.

PRINCIPAL BENEFITS AND COVERAGES

Subject to the applicable copayment (deductible), the plan will provide the member with prescription drugs pursuant to a prescription order at a participating pharmacy in accordance with the following:

A. FEDERAL LEGEND DRUGS: Any medicinal substance which bears the Legend: "Caution: Federal Law prohibits dispensing without a prescription."

B. STATE RESTRICTED DRUGS: Any medicinal substance which may be dispensed by prescription only according to State Law.

C. COMPOUNDED MEDICATIONS: Any medicinal substance which has at least one ingredient that is Federal Legend or State Restricted Drug in a Therapeutic amount.

D. INSULIN AND INSULIN SYRINGES are available by prescription only.

E. FEDERAL LEGEND ORAL CONTRACEPTIVES are available by Prescription only.

F. Should any benefit or service rendered result from a Worker's Compensation Injury Claim, the member shall assign his or her right to reimbursement from other sources for services rendered to the panel pharmacist.

DISPENSING LIMITATIONS

The anount of drug (including insulin) which may be dispensed per prescription or refill will be as originally written by prescriber up to and including a ninety (90) day supply.

PRINCIPAL EXCLUDED PROCEDURES AND SERVICES

Prescription drug benefits shall not be provided for or include any expense incurred for any prescription covering or the prescribing of:

A. Drugs or medicines purchases and received prior to the member's effective date or subsequent to the member's termination of coverage.

B. Diaphragms, contraceptice jellies and ointments, foams or devices.

C. Therapeutic devices or appliances (e.g., hypodermic needles, syringes, support garments and other non-medicinal substances).

D. Medications to be taken or administered to the eligible person while he is a patient in a hospital, rest home, nursing home, sanitarium, etc.

E. Drugs or medicines delivered or administered to the member by the prescriber.

F. Cosmetics, dietary supplements, health or beauty aids.

G. Immunizing agents, injectables, biological sera, blood or blood plasma or medication prescribed for parenteral use or administration, except insulin.

H. Any drug labeled, "Caution - Limited by Federal Law to Investigational Use", or experimental drugs even though a charge is made to the patient.

COPAYMENT - (DEDUCTIBLE)

There is a (($5.00)) $9.00 copayment (deductible) for each prescription or refill, which the member must pay to the pharmacy at the time the prescription is obtained. There is a (($2.00)) $4.00 copayment for each prescription or refill using a generic medication.

MAIL ORDER PRESCRIPTION PROGRAM

This service is available to any member or covered dependent. However, it is primarily beneficial to those who are taking medication on a regular basis (maintenance medication), who can order a 90-day supply by mail and pay one (($5.00)) $9.00 co-payment per prescription.

Contact the Health Service System (415) 558-4322 to obtain information on how to use this program.

E - VISION CARE PLAN

The vision plan features a panel of over 2,000 doctors to provide professional vision care for persons covered under the plan. This concept assures the finest quality professional care and materials, at a uniform cost.

WHAT ARE THE BENEFITS?

1. VISION EXAMINATION: A complete analysis of the eyes and related structures to determine the presence of vision problems, or other abnormalities. Supplemental testing for contact lenses, low vision and vision training are not covered.

2. LENSES: The VSP Panel Doctor will order the proper lenses (only if needed). The program provides the finest quality lenses fabricated to exacting standards. The doctor also verifies the accuracy of the finished lenses.

3. FRAMES: The plan offers a wide selection of frames, however, if you select a frame which costs more than the amount allowed by your plan there will be an additional charge.

4. CONTACT LENSES: Contact lenses are furnished under the VSP plan when the VSP Panel Doctor secures prior approval for the following conditions: a) Following cataract surgery, b) To correct extreme visual acuity problems that cannot be corrected with spectacle lenses, c) Anisometropis, d) Keratoconus. When VSP Panel Doctors receive approval for such cases, they are fully covered by VSP. When patients choose contact lenses for other reasons, VSP will make an allowance of $100 toward their cost in lieu of all other benefits for that year.

5. VISION THERAPY: This special benefit is available to cover such problems as Amblyopia, Strabismus and other eye coordination problems. The treatment plan must be approved in advance. VSP Panel Doctors have the forms to submit for approval. You will have to pay 25% of the cost of any approved Vision Therapy program. This benefit has a maximum of $500 of approved charges.

HOW MUCH DO I PAY?

When you select a doctor from VSP list, this plan covers the visual care described herein (examination, professional services, lenses and frame) at no expense to you except a deductible of $10 for examination and (($10)) $25.00 for lenses and frame, if necessary. Any additional care, service and/or materials not covered by this plan may be arranged between you and the doctor.

HOW DO I USE THIS PLAN?

OBTAIN A REQUEST FOR VISION CARE FORM: Fill out and mail the attached card. If you are eligible for vision care under this plan, a benefit form will be sent to you along with a list of panel doctors in your area. CAUTION: You should not make an appointment for vision care services until you obtain the benefit form.

Select the doctor of your choice from the list and make an appointment for an examination. Present your benefit form on your first visit.

When the examination has been completed the doctor will have you sign your name in the space provided. Pay only the applicable deductible to the doctor for the services described herein. VSP will pay the panel doctor directly according to their agreement with the doctor.

((Selecting a doctor from the VSP list assures direct payment to the doctor and guarantee of quality and cost control. However, if you seek the services of a doctor who is not a VSP Panel Member, you should pay the doctor his full fee. You will be reimbursed in accordance with a reimbursement schedule. THERE IS NO ASSURANCE THAT THE SCHEDULE WILL BE SUFFICIENT TO PAY FOR THE EXAMINATION OR THE GLASSES. REIMBURSEMENT BENEFITS ARE NOT A ASSIGNABLE. NOTE: When you obtain service from a doctor who is not a VSP Panel Member, and/or obtain glasses from a dispensing optician, be sure to send your itemized statement of charges to VSP along with your benefit form.))

Selecting a doctor from the VSP list assures direct payment to the doctor and a guarantee of quality and cost control. However, if you seek the services of a doctor who is NOT a VSP Panel Member, you should pay the doctor his full fee. You will be reimbursed in accordance with the following reimbursement schedule:

Exam	$30
Single Vision Lenses	$20
Bifocal Lenses	$35
Trifocal Lenses	$45
Lenticular Lenses	$75
Frames Necessary	
Contact Lenses	$250
Cosmetic Contact Lenses	$100

HOW OFTEN ARE THESE SERVICES AVAILABLE?

1. VISION EXAMINATION: Every 12 months.

2. LENSES: Every 12 months only if needed.

3. FRAMES: Every 24 months only if needed.

ITEM NO. 7d PROPOSED MEMBERSHIP RULES AND REGULATION CHANGES TO PART II - MEMBERSHIP RULES AND REGULATIONS EFFECTIVE WHEN ADOPTED.

NOTE: ((Bracketed words)) are proposed deletions from existing Rules and underlined words are proposed additions to the Rules and Regulations of the Health Service System.

Staff Recommendation:

Amend Section A4 to add subsection f providing for appeal rights for individuals who are no longer active employees and were never retired members of the Health Service System.

Committee Recommendation: Adopt Staff Recommendation
(2-0 vote, Krueger absent)

Board Action: Approve Committee Recommendation 5-0 vote.

3- Effective Date of Coverage and Termination

a. Coverage for regularly certified permanent employees of the City and County of San Francisco becomes effective on the first day of the pay period following the day on which they become members of the San Francisco City and County Employees' Retirement System. Coverage for certified employees of the San Francisco Unified School District and Community College District, and employees qualifying by ordinance of the Board of Supervisors, shall commence on the first day of the pay period following the first payroll deduction.

b. No other employee is eligible for coverage unless accepted by the Health Service Board under the provisions of Charter Section 3.681(e). Effective date of coverage for such "volunteer" member shall be as determined by said Health Service Board.

c. Upon termination of employment, coverage of an employee member shall cease on the last day of the pay period in which such termination occurs unless the employee member elects to continue coverage under the group pursuant to provisions of the federally mandated Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

d. The Consolidated Omnibus Budget Reconciliation Act of 1986 provides that employees who have been terminated (voluntarily or involuntarily, except for gross misconduct) or who have had their hours of work reduced resulting in a loss of coverage are entitled to continue health coverage through the Health Service System for a period of up to eighteen months from the date when loss of eligibility occurs at a rate of contribution which shall not exceed 102 percent of the applicable contract rate.

The continuation of group coverage will cease at the earliest occurrence of: 1) coverage under another group plan; 2) failure to pay the contributions required under the plan within ninety (90) days; 3) eighteen months from date when loss of eligibility occurs; or 4) coverage under Medicare.

4- Continuation of Coverage after Retirement

a. A member who retires for service, disability or vesting may continue coverage by the System at the rate established for retired employees, provided he or she applies for continuation within thirty days after such retirement is approved by their Retirement System and provided he or she has been enrolled in a health plan through the Health Service System for some period during their term of employment with the City, School District or Community College District. Thereafter, application for enrollment may be made only during the month of May, coverage to become effective July 1.

b. A member who resigned within thirty days immediately prior to the date on which, but for his resignation, he could have been retired for service as a member of the Retirement System, may continue coverage by the System at the rate established for resigned employees under the provisions of Charter Section 8.425. Such resigned members must apply for continuation of coverage within thirty days after such resignation.

Such resigned members must make arrangements to pay contributions monthly in advance to the System by direct payment.

c. Members shall also include former elective members of a legislative body who have served in office after January 1, 1981 and whose total service at the time of termination of service on such legislative body is not less than twelve (12) years when the respective legislative body provides for the continuation of health benefits as authorized by Government Code, Section 53201.

d. Members who have dependents in the System at the time of such retirement or resignation may continue coverage for such dependents. Thereafter, no dependents may be added, except newly acquired dependents through marriage birth or adoption who are enrolled within thirty (30) days of such event, or who are added during the open enrollment period that immediately follows the date of marriage, birth or adoption. Submission of documentation substantiating such occurrence is required at time of application, with the exception of a newborn natural child. In the case of a marriage or adoption, an eligible dependent who is hospital confined shall be added effective the date he or she is no longer hospital confined. Eligible dependents of disability retirees may be added in accordance with the provisions of Part B, Subsection 2 - Enrollment, until that time when the disability retiree would have reached normal service retirement age, i.e., 65 years old.

e. Coverage of a retired or resigned member must be continuous and if lapsed may not be reinstated without Board approval.

f. Coverage for those individuals who waived their right to continue in the System at retirement may not be reinstated without Board approval.

ITEM 9a - Compromise Third Party Lien
L. Chitmon, HSS No. 74113

3/16/89

EXHIBIT "C-1"

THIRD PARTY COMPROMISE SETTLEMENT

HSS MEMBER: Chitmon, Lillian

HSS NO. 74113-00

ATTORNEY: James J. Duryea

LIEN AND AMOUNT: $55,701.27

NATURE OF CASE:

Auto Accident

RECOMMENDATION:

Acceptance of $33,420.77 as payment in full of the lien.

X [signature] 3/21/89

Dan Maguire
Deputy City Attorney

THIRD PARTY COMPROMISE SETTLEMENT

HSS MEMBER: Acosta, Frank

HSS NO. 70113-00

ATTORNEY: A. Curtis Sawyer, Jr.

LIEN AND AMOUNT: $54,179.92

NATURE OF CASE:

Auto Accident

RECOMMENDATION:

Acceptance of $18,059.97 as payment in full of the lien.

Dan Maguire
Deputy City Attorney

EXHIBIT "D"

HEALTH SERVICE SYSTEM TRUST FUND
As of February 29, 1988

POOLED CASH INVESTMENT REPORT

	CASH BALANCE AS OF MONTH END		POOLED CASH AVG. CURRENT YIELD		INTEREST EARNED TO DATE		
	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88 MONTH	1987-88 YTD
JULY	N/A	$12,904,049	8.60%	8.29%	$55,060.82	$ 89,195.95	$ 89,195.95
AUGUST	$7,313,572	15,603,058	9.33	8.08	102,689.98	105,575.83	194,771.78
SEPTEMBER	10,402,900	11,125,041	9.85	9.34	188,539.20	87,475.67	282,247.45
OCTOBER	11,558,764	16,837,733	10.03	9.74	285,918.95	137,655.76	419,903.21
NOVEMBER	10,391,939	8,389,910	10.03	8.55	373,213.86	60,400.30	480,303.51
DECEMBER	11,089,137	8,148,882	8.94	7.89	455,790.84	54,079.76	534,383.27
JANUARY	10,160,796	8,905,145	9.49	9.32	536,694.94	70,144.35	604,527.62
FEBRUARY	13,352,691	8,104,166	9.10	8.53	637,983.27	57,660.39	662,188.01
MARCH	15,366,037		9.62		761,849.06		
APRIL	13,439,584		10.80		883,921.77		
MAY	11,744,130		11.89		1,001,372.65		
JUNE	11,913,924		9.64		1,097,082.22		

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - MAY 10, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of April 19, 1988, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee Recommendations - Commissioner Paretchan, Chair

7. Rules Committee - Commissioner Krueger, Chair

   a. Consideration of Alternate Prescription Drug Providers.

   b. Status Report of Committee on Alternate Benefits to be provided under Section 125 - Cafeteria Plan.

8. Old Business -

9. New Business -

   a. Resolution Authorizing Attendance of Board and/or Staff at International Foundation of Employee Benefits Plan Conference, August 15-17, 1988, in Orlando Florida.

   b. Open Enrollment Status Report

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - MAY 10, 1988 - 4:05 P.M.

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1. CALL TO ORDER -

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF APRIL 19, 1988, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Zvanski and seconded to approve the minutes of the Regular Meeting of April 19, 1988, as submitted and the motion was adopted (5-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the experience through April (Exhibit 'A') reflecting an overall loss ratio of 107% and 123% for the month. There are receivable contributions of $400,000 to $600,000 collected but unreported because of programmatic problems with bringing the new membership accounting system to a current reporting status. Mr. Rael again expressed concern with the prescription drug experience and urged that an audit be conducted of that benefit. After discussion, Commissioner Krueger made a motion which was seconded to conduct an audit of the prescription drug program. The motion passed unanimously (5-0 vote).

6. APPEALS COMMITTEE -

Commissioner Paretchan reported there was only one appeal heard which was continued to obtain additional information.

7. RULES COMMITTEE RECOMMENDATIONS -

Commissioner Krueger reported the following recommendations of the Rules Committee:

a. Consideration of Alternate Prescription Drug Providers.

The Committee heard proposals from four vendors and narrowed the selection of two vendors, Paid and PCS.

7. RULES COMMITTEE RECOMMENDATIONS - (cont'd.)

Although PCS appeared, to offer a viable alternative to PAID, there would be an increase in administrative costs of approximately $17,000 a year. Therefore, the Committee recommended retaining the services of Paid Prescriptions for another year and adding the DWP-10% reimbursement program.

Commissioner Paretchan made a motion, which was seconded, to accept the recommendation of the Rules Committee. The motion passed unanimously (5-0 vote).

b. Status Report of Committee on Alternate Benefits to be provided under Section 125 - Cafeteria Plan -

The Committee heard a proposal from Colonial Life on implementing a Section 125 plan to include dental, disability and cancer insurance. Because of concerns about the implementation approach of Colonial and the fact that the initial proposal asked for submissions on dental programs only, and not implementation of a Section 125 program that a supplemental letter be sent by Rael & Letson to determine if any other alternatives to Colonial exists. The letter, which are sent on April 29th, here elicited no response to date even though a response was asked for by May 9th.

Mr. Smith asked that an ad hoc committee be apointed by the President to meet and try to resolve all issues of concern with Colonial with the caweat that should any new proposals surface that they could be reviewed subsequently. President Bernstein concurred and appointed Commissioner Paretchan and Commissioner Krueger to the ad hoc committee.

8. OLD BUSINESS - None

9. NEW BUSINESS -

a. Resolution Authorizing Attendance of Board and/or Staff at International Foundation of Employee Benefits Plan Conference, August 15-17, 1988, in Orlando, Florida. -

Commissioner Paretchan made a motion, which was seconded, to approve the resolution (Exhibit 'B') authorizing attendance by one Board member and one staff. The motion passed unanimously (5-0 vote).

b. Open Enrollment Status Report -

Mr. Smith reported the activity for the 1st five days of May, 222 applications were filed with 133 involving a change of health plans, 84 addition of dependents and 5 new enrollments (Exhibit 'C').

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The claims outstanding has reached 5,934 as of last Friday versus 4,023 last month. Staffing has been affected by a rtirement in March, another processor who is out 6 to 8 weeks for medical reasons, and one day of computer down time.

b. The Membership Accounting System is actually in production now with membership staff using report outputs and maintenance and inquiry screens. However, the posting of receivables is still not to a current status allowing the report of additional revenues already collected. The lead analyst on the project completed his work last Friday.

c. The legislation authorizing the implementation of the Cafeteria Plan passed the Board of Supervisors on April 25th.

d. The 1988-89 contribution rates for employees health plans passed the Board of Supervisors on May 2nd.

e. The Registration of Voters has reported that Commissioner Zvanski received 13,804 votes and 575 write in votes were cast in the recent Health Service Board election.

f. Meetings have been held with doctors at PMC and Children's Hospital on the current financial situation of the Health Service System and their concern about not receiving an increease in reimbursement over 4 years. If no increase is granted, there may be some physician dropout.

g. There is a relocation possibility to either 25 Van Ness or 1155 Market Street if the cost effectiveness of the move can be justified to the Board of Supervisors.

h. The Mayor's deficit reduction plan was given to the Board along with the status of the System's budget. The budget has been reduced to $1,857,000, however, two of seven new positions have been approved.

11. ANNOUNCEMENTS -

a. Commissioner Paretchan brought up the fact that May 23rd is the last day for introduction of November Charter amendments and that the City spent $5,000 to $6,000 to hold the most recent election in which Commissioner Zvanski unopposed. Commissioner Paretchan made a motion, which was seconded, to introduce a Charter amendment eliminating the need to hold an election when only one individual is running. The motion passed unanimously (5-0 vote).

b. President Bernstein announced that because of Finance Committee budget hearings on June 14th that the Board meeting has been rescheduled to June 13th.

11. ANNOUNCEMENTS - (cont'd.)

c. Commissioner Paretchan introduced a resolution of commendation for President Bernstein congratulating him on his 25th anniversary on the Health Service Board. The Resolution was unanimously adopted (5-0 vote). A luncheon was also being held in honor of the President on May 19th.

12. ADJOURNMENT -

There being no further business before the Board, President Bernstein adjourned the meeting at 4:55 P.M..

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE MAY 10, 1988 MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through April 30, 1988

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 9,013,296[a]	$ 8,832,744	104%	98%
Retired Employees (NM)	3,376,558	3,626,348	118	107
Retired Employees (M)	2,645,350	2,087,073	80	79
Adult Dependents (NM)	3,478,557	4,288,312	166	123
Adult Dependents (M)	388,416	451,900	101	116
Minor Dependents	1,906,647[b]	2,234,007	145	117
TOTAL	$20,808,824	$21,520,384	117%	103%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,079,649	$ 1,454,907	167%	135%
Retired Employees (NM)	424,973	583,125	186	137
Retired Employees (M)	1,134,111	1,514,709	168	134
TOTAL	$ 2,638,733	$ 3,552,741	170%	135%
(3) VISION CARE COVERAGES				
Active Employees	$ 424,918	$ 459,017	104%	108%
Retired Employees (NM)	94,614	112,576	130	119
Retired Employees (M)	239,553	216,129	119	90
TOTAL	$ 759,085	$ 787,722	112%	104%
(4) ALL COVERAGES				
Active Employees	$10,517,863	$10,746,668	111%	102%
Retired Employees (NM)	3,896,145	4,322,050	126	111
Retired Employees (M)	4,019,014	3,817,911	107	95
Adult Dependents (NM)	3,478,557	4,288,312	166	123
Adult Dependents (M)	388,416	451,900	101	116
Minor Dependents	1,906,647	2,234,007	145	117
TOTAL	$24,206,642	$25,860,848	123%	107%

[a] Includes $491,670 of interest subsidy.

[b] Includes $258,330 of interest subsidy.

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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MONDAY - JUNE 13, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of May 10, 1988, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee Recommendations - Commissioner Paretchan, Chair

7. Rules/Rates and Benefits Committee - Commissioner Krueger, Chair

   a. Benefits to be provided and contractors under Cafeteria Plan.
   b. Mandatory 2nd Opinion Surgical Program and Individual Case Management Program.
   c. Proposed Amendments to City Health Plan Rules of Coverage.
   d. Preferred Provider Hospital Rate Renewals.
   e. Administrative Agreement with Preferred Health Network.
   f. Request of Hetch Hetchy Employees for Optional Health Plan.

8. Old Business -

   a. Final Open Enrollment Statistics.

9. New Business -

   a. Nomination and Election of Officers for 1988-89 Fiscal Year

10. Executive Director's Report -

11. Announcements -

12. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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MONDAY, JUNE 13, 1988 - 4:05 P.M.

1. CALL TO ORDER - President Pro Temp Paretchan called the meeting to order at 4:05 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: Commissioner Deignan, Vice-President Paretchan, Commissioner Krueger, Commissioner Zvanski

ABSENT: President Bernstein (medical), Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF MAY 10, 1988, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Krueger and seconded to approve the minutes of the Regular Meeting of May 10, 1988, as submitted and the motion was adopted (4-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, reported the loss ratio at 92% for the month and 105% year to date (Exhibit 'A').

There was an additional revenue transfusion of approximately $524,000 for the month which occurred as a result of the new accounting system being brought on line allowing for the reporting of collected but unallocated premiums.

6. APPEALS COMMITTEE -

President Paretchan reported no appeals were heard this month.

7. RULES COMMITTEE RECOMMENDATIONS -

a. Benefits to be provided and contractors under Cafeteria Plan -

Commissioner Krueger reported the Committee met at 10:00 A.M. this date and heard proposals from Colonial Life, Benefits Unlimited, DentiCare, Oral Health and the Pavez Agency. This item was continued to a special meeting on June 20th at 10:00 A.M.

7. RULES COMMITTEE RECOMMENDATIONS - (cont'd.)

b. Mandatory 2nd Opinion Surgical Program and Individual Case Management Program -

Commissioner Paretchan reported the following recommendations of the Committee which reconvened at 2:00 P.M. this date with Commissioner Paretchan as acting chairman:

The Committee decided not to recommend implementation of the 2nd opinion program until more information is available from Pacific Peer Review on the efficacy of the program.

The Committee does recommend adoption of the Individual Case Management program effective July 1st (Exhibit 'B').

c. Proposed Amendments to City Health Plan Rules of Coverage -

The Committee recommends adoption of the proposed rule changes. (Exhibit 'C').

d. Preferred Provider Hospital Rate Renewals

The Committee recommends approval of renewal of contracts with Children's, PMC, St. Mary's, John Muir, Marin General, San Jose (to include Good Samaritan and Wheeler) and Washington Hospitals (Exhibit 'D').

e. Administrative Agreement with Preferred Health Network -

The Committee recommends renewal of contract with Preferred Health Network with a 5% increase to include individual case management services (Exhibit 'E').

f. Request of Hetch Hetchy Employees for Optional Health Plan -

The Committee recommended investigating the feasibility of an alternative health plan being provided to Hetch Hetchy employees (Exhibit 'F').

Commissioner Krueger made a motion which was seconded to adopt the recommendations of the joint Rules/Rates and Benefits Committee. The motion was passed unanimously (4-0 vote).

8. OLD BUSINESS -

a. Final Open Enrollment Statistics -

Mr. Smith reported that 3,458 applications were filed during May. The City Health Plan lost a net of 1,524 individuals obstensibly because of the premium increase and benefit reductions. Both Kaiser and French Hospital Health Plans ended with a net decrease in subscribers. Bay Pacific picked up the most net individuals at 1,001 (Exhibit 'G').

9. NEW BUSINESS -

a. Nomination and Election of Officers for 1988-89 Fiscal Year -

Commissioner Deignan nominated Dr. Bernstein for President for the 1988-89 fiscal year. The motion was seconded by Commissioner Zvanski. There being no other nominations, the nominations were closed. The motion passed unanimously (4-0 vote).

Commissioner Zvanski nominated Commissioner Paretchan for Vice-President for the 1988-89 fiscal year. The motion was seconded by Commissioner Deignan. There being no other nominations, the nominations were closed. The motion passed unanimously (4-0 vote).

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The outstanding claim count was 3,995 as of June 10th compared to 5,934 last month. This is about a five-day claim backlog. Staff has been hampered by a retirement and medical leaves bringing current staff to six processors from a normal complement of nine processors.

b. The membership accounting system has now been brought on line and should provide more efficiency than the old system. Staff is currently becoming acclimated to the System and in addition must still reconcile revenues left in the old accounting system.

11. ANNOUNCEMENTS - None

12. ADJOURNMENT -

There being no further business before the Board, President Pro Temp Paretchan adjourned the meeting at 4:30 P.M..

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE JUNE 13, 1988
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through May 31, 1988

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 9,878,558[a]	$ 9,767,274	108%	99%
Retired Employees (NM)	3,927,707	4,018,093	71	102
Retired Employees (M)	3,079,832	2,295,462	48	75
Adult Employees (NM)	3,838,058	4,607,024	89	120
Adult Employees (M)	431,634	503,801	120	117
Minor Dependents	2,086,990[b]	2,526,651	162	121
TOTAL	$23,242,779	$23,718,304	90%	102%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,179,980	$ 1,610,766	155%	137%
Retired Employees (NM)	494,292	641,007	84	130
Retired Employees (M)	1,321,852	1,663,005	79	126
TOTAL	$ 2,996,124	$ 3,914,778	101%	131%
(3) VISION CARE COVERAGES				
Active Employees	$ 464,438	$ 505,609	118%	109%
Retired Employees (NM)	110,063	126,001	87	114
Retired Employees (M)	279,193	238,452	56	85
TOTAL	$ 853,694	$ 870,062	87%	102%
(4) ALL COVERAGES				
Active Employees	$11,522,976	$11,883,648	113%	103%
Retired Employees NM)	4,532,062	4,785,101	73	106
Retired Employees (M)	4,680,877	4,196,919	57	90
Adult Dependents (NM)	3,838,058	4,607,024	89	120
Adult Dependents (M)	431,634	503,801	120	117
Minor Dependents	2,086,990	2,526,651	162	121
TOTAL	$27,092,597	$28,503,144	92%	105%

[a] Includes $540,837 of interest subsidy.

[b] Includes $284,163 of interest subsidy.

ITEM NO. 7b MANDATORY 2ND OPINION SURGICAL PROGRAM AND INDIVIDUAL CASE MANAGEMENT PROGRAM

The Board has already decided to implement a mandatory second surgical opinion program and individual case managements program effective July 1, 1988, with Pacific Peer Review and Preferred Health Newtwork as the administrators.

Enclosed is the proposed language for both programs which would be incoporated into the City Health Plan Rules of Coverage and Benefit Booklet. The success of a mandatory second opinion program is dependent upon compliance by members. Therefore, a benefit penalty must be incorporated to assure maximum compliance. It is recommended that at a minimum benefits be reduced from 80% to 60% under the standard plan and that a 40% co-payment be applied in lieu of the dollar co-payment for services received from a contract preferred provider.

Also enclosed is the proposed addendum language to our utilization review agreement with PPR. Similar language will be incorporated into the PHN agreement. The System will be charged $2,328 per month ($27,936 yr.) by PPR for the second opinion program plus the costs to the physicians for the second opinion consultations. The case management fee is $60 per hour plus travel costs paid on a case by case basis. The two programs will be incorporated into PHN's agreement with approval of a 5% increase in their administrative agreement effective July 1, 1988. The monthly fee would increase from $4,095 to $4,300 ($49,140 to $51,600 yr.).

COMMITTEE ACTION: Approve Case Management language and PHN & PPR Contract amendments to include case management. Defer 2nd opinion program at least 6 months until PPR can show cost effectiveness of program.

BOARD ACTION: Approve Committee Recommendation (4-0 vote Bernstein, Molinari absent) at meeting of June 13, 1988.

8c. MEDICAL CASE MANAGEMENT PROGRAM

Members who require extensive, long-term treatment and/or potentially high-cost care may be subject to the Health Plan's Medical Case Management Program. Case management assures that the member obtains quality medical care by the most cost-effective use of health care resources.

Medical case management services seek alternative settings and providers that usually are lower cost; coordinate the sequence of care by facilitating communications among providers, patients and others; recommend or arrange for the coverage of alternate services not covered by the member's plan; and perform continuous monitoring of care.

Alternative benefits are provided only when a cost benefit analysis performed by the Case Management Program Administrator determines that the benefits payable for the alternative plan of treatment can be provided at a lower overall cost then the benefits the member would otherwise receive under the Health Plan.

ITEM NO.7c PROPOSED AMENDMENTS TO CITY HEALTH PLAN RULES OF COVERAGE

The following are proposed additions or amendments to the City Health Plan. Rules of Coverage involving a number of medical policy issues which need to be clarified in order to facilitate plan administration.

COMMITTEE RECOMMENDATION: Approve Proposed Rule Changes

BOARD ACTION: Approved 4-0 vote (Bernstein, Molinari absent) at meeting of June 13, 1988

Addition or Amendment to Section A - Comprehensive Major Medical, Subsection 6 - Covered expenses:

AUTOLOGOUS BLOOD DONOR FEES

Benefits for autologous blood donor processing fees will be provided if services are provided in conjunction with scheduled surgery.

AIDS TESTING

Benefits for AIDS testing will be provided if evidence of symptoms or preliminary diagnosis of AIDS or ARC is present. Testing for diagnostic purposes only is not covered.

HEPATITIS B VACCINATION

Benefits for the Hepatitis B vaccination series will be provided if there is evidence of exposure only.

IN-VITRO ALLERGY TESTING

Benefits will be provided for RAST, FAST, MAST or IP testing when any of the following clinical indications apply:

1) When direct skin testing is impossible due to extensive dermatitis or marked demographism.

2) When direct skin testing is impossible in children and an explanation is attached to the claim.

3) When skin testing has not been conclusive and further diagnostic testing is necessary.

4) When used as "mini-screen," including total lgE (PRIST) and up to ten specific lgE antigens.

5) When additional tests are indicated, based upon the results of the "mini-screen."

r. HOME HEALTH CARE

Benefits for services of a home health care agency or visiting nurse association will be provided at 80% of UCR charges after application of the fiscal year deductible.

Benefits shall be provided for up to 120 home health care days per fiscal year provided services are pre-authorized by the Health Plan and the physician ordering home health care submits a home health care plan (a written program for care and treatment in the patient's home) and certifies that continued inpatient confinement in a hospital or skilled nursing facility would be required if home care weren't provided.

Other conditions of service are:

- The home care must be provided under the active medical supervision of the physician ordering home health care.
- Services must be provided and billed by a Home Health Agency or Visiting Nurse Association.
- Benefits are provided only for the number of visits required to treat the patient's illness or injury.
- Each day services are provided by any covered provider of a home health care agency or visiting nurse association shall be counted as one day towards the annual 120-day maximum benefit.

Covered providers of service shall be:

1) a registered nurse or licensed vocational nurse.
2) a licensed therapist for physical, occupational or speech therapy.
3) A home health aide when the patient is also receiving the services of a registered nurse and licensed physical, occupational or speech therapist.

s. HOSPICE CARE

Benefits for medically necessary services of an approved Home Health Care Agency or Hospice Care Agency/Facility will be provided at 80% of UCR charges after application of the fiscal year deductible.

Benefits shall be provided up to a maximum of $7,500 per person and services shall be in accordance with a written treatment plan prepared by the attending physician and approved by the health plan.

Other conditions of service are:

- The attending physician certifies that the patient has six (6) months or less to live.
- Services provided shall be covered except that services of volunteers (i.e., those who do not regularly charge for their services,whether professional of otherwise) are specifically excluded.
- Benefits would be provided only to a person who is homebound and would otherwise require hospitalization.

Covered Services and/or providers are:

(1) Full-time or part-time intermittent skilled nursing services when handled by a registered nurse, licensed vocational nurse, or home health aide providing supportive care in the home, and includes physical therapy, or respiratory therapy, and medical social services.
(2) Psychological therapy, supportive health and social services for the covered family members.
(3) Five (5) days of respite care.
(4) Supplies, equipment and drugs necessary to provide palliative treatment and management of the terminal illness.

t. CARDIAC REHABILITATION PROGRAMS

Benefits will be provided at 80% of UCR charges to a maximum fiscal year benefit of $2,500 after application of the fiscal year deductible for the Phase II (outpatient) Cardiac Rehabilitation Program only.

There will be a 20% co-payment if services are provided through a contract preferred provider.

The conditions under which services will be covered are:

- The patient must have been diagnosed as:

  a. Myocardial infarction within the past 12 months
  b. Coronary artery bypass surgery
  c. Stabilized angina pectoris

- The facility providing the cardiac rehabilitation program must possess at a minimum:

  a. All necessary cardio-pulmonary emergency diagnostic and therapeutic life saving equipment, i.e., oxygen, cardiopulmonary resuscitation equipment, defibrillator.

  b. A physician is on the premises to perform medical duties at all times the facility is open.

  c. The staff are trained in both basic and advanced life support techniques and in exercise therapy for coronary disease. Services of nonphysician personnel are supervised directly by a physician. Direct supervision means that a physician must be in the exercise program area and immediately available for an emergency at all times the exercise program is conducted.

  d. Patients are evaluated prior to acceptance to the program.

- Phase II outpatient program services will be covered up to 36 visits during a maximum 12-week period.

- Educational sessions will not be a covered service.

- Coverage is limited to one program per lifetime.

- Benefits will be provided only for services billed on an individual basis.

u. WEIGHT LOSS PROGRAM

Benefits will be provided at 50% of UCR charges to a maximum of $1,000 lifetime for Weight Loss Programs.

The conditions under which services will be covered are:

- The weight loss program must be approved and services pre-authorized by the Health Plan.
- The patient must be diagnosed with a disease or condition causing obesity or aggravated by obesity.
- The patient's body weight exceeds the recommended weight for his or her age, height and sex by 20% to 30%.
- Food or nutritional supplements are not covered.
- There is a limit of one weight loss program per lifetime.

Add to Section D - Prescription Drug Plan:

Prescription drugs dispensed on an outpatient basis from a hospital pharmacy or in a physician's office will be covered at 80% of the cost (not subject to the major medical deductible) of the prescription drug less the $9.00 co-payment under the major medical benefits of the health plan.

ITEM NO.7d PREFERRED PROVIDER HOSPITAL RATE RENEWALS

Enclosed are the submitted proposals of seven of the seventeen hospitals we contract with under the Preferred Provider Program.

Three of the San Francisco hospitals which we contract with and which account for approximately 68% of our PPO inpatient hospital expenditures and 64% of our PPO admissions have submitted very reasonable renewal requests ranging from 4.5% to 6% on average. Those hospitals are Children's, PMC and St. Mary's.

Four additional suburban hospitals: John Muir, Marin General, San Jose and Washington have submitted proposals ranging from 6% to 10% on average increases. These hospitals represent only 7% of our PPO inpatient hospital expenditures and 8.5% of hospital admissions.

The other ten hospitals in the network have either not submitted their proposals yet or have submitted unacceptable proposals exceeding a 10% rate ceiling.

COMMITTEE RECOMMENDATION: Approve renewal of proposed hospital contracts.

BOARD ACTION: Approve Committee Recommendation (4-0 vote Bernstein, Molinari absent) at meeting of June 13, 1988.

ITEM NO.7e ADMINISTRATIVE AGREEMENT WITH PREFERRED HEALTH NETWORK

This administrative agreement with Preferred Health Network (Formerly Select Health) would be renewed with a 5% increase to include the addition of the second opinion and the case management programs.

The monthly rental would rise from $4,095 to $4,300 per month ($49,140 to $51,600) or about $.28 per month per life.

COMMITTEE RECOMMENDATION: Approve renewal of Preferred Health (Select) agreement as proposed.

BOARD ACTION: Approve Committee Recommendation (4-0 vote Bernstein, Molinari absent) at meeting of June 13, 1988.

Preferred Health Network

June 9, 1988

Mr. Randall Smith
Executive Director
Health Services System
1212 Market Street
San Francisco, CA 94102-4861

Dear Randy:

This letter confirms the intent of Preferred Health Network (PHN) to continue its payor relationship with Health Services Systems. In exchange for a five percent increase in the service fee, PHN will continue to provide its current services and add second surgical opinion and case management services.

In addition, PHN proposes to perform ambulatory review upon successful completion of the interpretation of a test tape of HSS claims, which will assess the potential savings due to ambulatory review. As previously discussed, PHN proposes to share the savings achieved through ambulatory review with HSS in a manner mutually agreeable to both parties.

You will receive shortly a Preferred Health Network Payor Participation Agreement for review and execution which is intended to replace the old Select Health agreement. Until the new payor agreement is signed, PHN will continue to carry out the obligation of the Select Health agreement.

We look forward to a mutually beneficial and long term relationship.

Sincerely,

Jerry T. Payne
Vice President Marketing

JTP:jv

cc: Rich Mastaler
Paul Schmitz
Ken Epstein, M.D.
Edie Drosten

Post Office Box 60308, Terminal Annex, Los Angeles, California 90060
4700 Ramona Boulevard, Monterey Park, California 91754, Telephone 213 261-9066

ITEM NO.7f REQUEST OF HETCH HETCHY EMPLOYEES FOR OPTIONAL HEALTH PLAN

We have received a letter from some employees who are employed by Hetch Hetchy at Mocassin, in Tuolumne County requesting that the Health Service Board provide an alternative health plan to the City Health Plan.

Their grievance revolves around the increase in premiums and reduction in benefits of the health plan effective July 1, 1988.

COMMITTEE RECOMMENDATION: Inquire from existing health plans on the feasibility of expanding to Tuolumne County. Gather information on any other HMO's servicing that area. Let Hetch Hetchy employees know that their request is being investigated.

BOARD ACTION: Approve Committee Recommendation (4-0 vote Bernstein, Molinari absent) at meeting of June 13, 1988.

May 16, 1988

SUBJECT: Health Services Costs

Randall Smith, Director
Health Service System
1212 Market Street, 2nd Floor
San Francisco CA 94102

Dear Mr. Smith:

We the undersigned employees of the City and County of San Francisco, based outside the contiguous Bay Area counties, respectfully request that the Health Services Board make a sincere and wholehearted effort to establish in San Joaquin, Stanislaus and Tuolumne Counties health service options comparable to those available to employees based in the San Francisco Bay area. Our request is based on the following facts.

- Because we are currently outside the service areas of all alternative plans, City-administered Plan I is the only plan legally available to us.
- It is significantly more expensive to maintain membership in Plan I than in any other plan currently offered (152% of the average of the other plans for a family, 144% of the average of the other plans for an employee and one dependent. Plan I is the only plan which does not cover the total cost of the employee's coverage.).
- Coverage currently available under Plan I, even with the SelectHealth option, is significantly poorer than in the other plans. We recognize availability of VisionCare as the single advantage of membership in Plan I. Coverage has consistently decreased since the SelectHealth option became available.
- We believe that by making available ONLY the City-adminstered health care option, and ONLY at a cost which is significantly higher than any other plan, the City and the Health Services Board are blatantly discriminating against those employees who are assigned to work stations outside the San Francisco Bay area.

Because Maxicare relies on independent providers, and because it currently offers services outside the immediate San Francisco Bay area, it appears the most likely to consider extension. We therefore request that Maxicare Plan administrators be approached to actively solicit membership of physicians, hospitals and pharmacies in San Joaquin, Stanislaus and Tuolumne Counties.

Very truly yours,

Employees of the City and County of San Francisco

Name (print)	Signature	Department
DONALD THORS	Donald Thors	Hetch Hetchy
Duane Russell Paulson		H. H.
TERRY RICO	Terry Rico	H. H. W. P.
Rick Ygaeno		H. H. W. P.
Alan Fulkerson		H H W P
ALAN FULKERSON		
ELAND DAHLIN	Leland Dahlin	H. H. W. P.
Ken Brewer		HHWP
Brad Bradford		H.H. W.P.
Jay Klein	Jay Klein	H.H.W.P.
Steven A. Fernandez		H. H.W.P.
Steven A. Fernandez		
RRY G. MOORE	Larry G. Moore	H.H.W.P.
A. Deshaies	A Deshaies	"
MOND F DANICOURT	Edmond F Danicourt	"
ul Howay	Paul Howay	"
IVERNE TESSARO	Laverne Tessaro	H H. W.P.
NALD CROOK	Donald Crook	H.H. W.P.
NALD VALERIO	Ronald Valerio	H H. W P
TER S BALESTRIERI	Peter Balestrieri	H.H. W.P.
NESTO E. DIMAS	Ernesto E. Dimas	H.H.
RNON H SWANSON	Vernon Swanson	HH W.P.
NALD W. BRADY	Ronald W. Brady	HHWP
I	Leonard Colclasser	H H W P
	W A Van Tuyl	H H W P

Name (print)	Signature	Department
STUART L. ARWOOD	Stuart L. Arwood	Hetch Hetchy
SANDRA L. HART	Sandra L. Hart	" "
Florence L. Egger	Florence L Egger	Hetch Hetchy
Phil Arcuri	Phil Arcuri	" "
NORMAN RICKSON	Norman Rickson	" "
Fred B. Ratzarsky	Fred B Ratzarsky	Hetch Hetchy
DAVID B. SALBOTNY	David B. Salbotny	
MATT GASS	M. E. Gass	HETCH HETCHY
Bonnie Lamont Stevens	Bonnie Lamont Stevens	HETCH HETCHY HH
Eugene Job	Eugene Job	U. E.B.
JOHN T MEAGHER	Meagher	U.E.B.
T CHECHOWITZ	T. Chechowitz	U.E.B.
Arthur Laursen	Arthur Laursen	H H
Herbert R Davis	Herb Davis	Hetch Hetchy
CA Collins	CA Coll	PURCHASING DEPT
J. George Klein		
D.W. COFFEY	D.W. Coffey	HETCH HETCHY PUC
A-B MORAN	A B Moran	HETCH HETCHY
A Walter	A Walter	" "
KEN COOPER	K. Cooper	" "
R.E. Hilpshman	R.E. Hilpshman	" "
TOMMY G. EGGER	Tommy G. Egger	" "
RONALD A. BROOKS	Ronald A. Brooks	" "
Steven L. Pontious	Steven L. Pontious	" "
Claude E. PRICE	Claude E Price	" "
EVERETT ATKINSON	Everett Atkinson	" "
Stanley Lucas	Stanley Lucas	" "
ERVIN H JOHNSON	E H Johnson	" "
KEVIN G. ASHER	Kevin G Asher	" "
TOM CROWSON	Tom Crowson	" "

Name (print)	Signature	
MERVIN GREENUP	Mervin Greenup	Hatch Hatchery
PAT GRIFFIN	Pat Griffin	HATCH HATCHERY
Victor KAMUS	Victor Kamus	Hatch Hatchery
DEBORAH WRIGHT	Deborah Wright	WEB - CONSTRUCTION
TIM DORAN	Tim Doran	WEB CONSTRUCTION
RITA FOTI	Rita Foti	WEB CONSTRUCTION
ERNIE HOFF	Ernie Hoff	WEB CONST.

REPORT NO. : HSD135

EXHIBIT 'G'

Item 6a.

HEALTH SERVICE SYSTEM
1212 MARKET STREET
SAN FRANCISCO, CA 94102
MEMBERSHIP: (415) 558-4322

SUMMARY OF CHANGES AS OF 06-13-98

EMPLOYEES FROM:

TO:	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5	PLAN 6	PLAN 7	PLAN E	TOTAL	NET GAIN/LOSS
PLAN 1		102	35	30	45	18	18	22	360	775-
PLAN 2	193		42	62	43	19	36	47	442	61-
PLAN 3	246	99		71	15	3	16	13	463	316
PLAN 4	22	18	9		2		3	1	55	193-
PLAN 5	355	120	36	43		12	17	18	601	455
PLAN 6	123	48	12	20	20		8	5	236	177
PLAN 7	121	90	12	32	18	7		11	291	191
PLAN E	9	6	1		3		2		21	96-
TOTAL	1069	503	147	248	146	59	100	117	2389	

DEPENDENTS FROM:

TO:	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5	PLAN 6	PLAN 7	ADD	TOTAL	NET GAIN/LOSS	NET TOTAL LIVES
PLAN 1		47	11	15	26	11	5	239	356	735-	1524-
PLAN 2	133		34	26	35	24	30	590	872	558	497
PLAN 3	225	37		23	3		9	168	465	356	672
PLAN 4	25	10	7				4	39	85	18-	211-
PLAN 5	381	51	22	11		3	24	214	706	546	1001
PLAN 6	129	15	14	2	32		8	51	251	210	387
PLAN 7	90	34	1	12	19	1		45	222	134	325
PLAN E											96-
CANCEL	105	100	20	14	43	2	8		295		
TOTAL	1091	314	109	103	160	41	88	1346	3252		

SF
H25
#2
6/20/88

HEALTH SERVICE SYSTEM

SPECIAL MEETING OF THE HEALTH SERVICE BOARD

OF THE CITY AND COUNTY OF SAN FRANCISCO

HELD AT

1212 MARKET STREET, MEZZANINE LEVEL

SAN FRANCISCO, CALIF. 94102

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MONDAY, JUNE 20, 1988 - 2:00 P.M.

A G E N D A

ITEM NO. 1 BENEFITS TO BE PROVIDED AND CONTRACTORS UNDER CAFETERIA PLAN

SF
H25
#3
6/20/88
Special

HEALTH SERVICE SYSTEM
SPECIAL MEETING OF THE HEALTH SERVICE BOARD
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

Minutes

MONDAY, JUNE 20, 1988 - 2:00 P.M.

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1. Call to Order.

2. Pledge of Allegiance

3. Roll Call

Present:	Commissioner Deignan	Vice-President Paretchan
	Commissioner Krueger	Commissioner Zvanski
Absent:	President Bernstein (medical)	
	Commissioner Molinari	

4. Joint Rates & Benefits/Rules Committee -

a. Benefits to be provided and contractors under Cafeteria Plan -

Commissioner Krueger reported that the Committee heard oral presentations on June 13th from Colonial Life & Accident, Benefits Unlimited and the Pavez Insurance Agency in association with Lincoln National Life and Transamerica Human Resource Management Services, Inc., regarding implementation of the Section 125 program and the provision of an indemnity dental plan. The Committee also heard two prepaid dental program proposals from the two prepaid finalists, DentiCare and Oral Health.

Informational presentations were then made by Dr. Carl Bozzo, President of DentiCare, Anita Heider, representing Oral Health, Toney Chimiente, Marketing Director and Jim Barrett, Western Zone Director of Colonial Life and Allen Ruskin, President of Benefits Unlimited.

A motion was made by Commissioner Paretchan and seconded that this item be continued to a special meeting of June 29, 1988 at 9:30 A.M. to allow final submission of all proposal materials by close of business June 23rd.

5. Adjournment -

There being no further business, President Pro Temp Paretchan adjourned the meeting at 4:00 P.M.

Randall B Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

SF
H25
#2
6/29/88

HEALTH SERVICE SYSTEM
SPECIAL MEETING OF THE HEALTH SERVICE BOARD

OF THE CITY AND COUNTY OF SAN FRANCISCO

HELD AT
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIF. 94102

WEDNESDAY, JUNE 29, 1988 - 9:30 A.M.

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A G E N D A

ITEM NO. 1 BENEFITS TO BE PROVIDED AND CONTRACTORS UNDER CAFETERIA PLAN

2 RELOCATION OF HEALTH SERVICE SYSTEM

SF
H25
#3
6/29/88
Special

HEALTH SERVICE SYSTEM
SPECIAL MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

WEDNESDAY, JUNE 29, 1988 - 9:30 A.M.

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Minutes

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call:

Present: Commissioner Deignan, Vice-President Paretchan, Commissioner Krueger, Commissioner Zvanski

Absent: President Bernstein (medical), Commissioner Molinari

4. Old Business -

a. Benefits to be provided and contractors under Cafeteria Plan - (This item was continued from the special meeting of June 20, 1988)

After discussion, Commissioner Krueger made a motion, which was seconded, to approve the proposal of Colonial Life & Accident Company to provide for implementation of the Section 125 program and to provide an indemnity dental plan and disability benefit plan as proposed; and additionally to approve the proposal of DentiCare to provide a prepaid dental plan under the Section 125 program. The motion was adopted unanimously (4-0 vote).

5. New Business

a. Relocation of Health Service System -

After discussion regarding whether the Health Service System should move to 25 Van Ness or stay at 1212 Market Street, it was moved by Commissioner Deignan and seconded to continue this item to the July 12th meeting to determine if 1155 Market Street is still a feasible alternative.

6. Adjournment -

There being no further business, President Pro Temp Paretchan adjourned the meeting at 11:10 A.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

RESOLUTION NO. 87-14

TITLE: RESOLUTION EXPRESSING THE INTENT TO ENTER INTO AN AGREEMENT WITH COLONIAL LIFE & ACCIDENT INSURANCE COMPANY TO PROVIDE IMPLEMENTATION OF SECTION 125 PROGRAM TO INCLUDE AN INDEMNITY DENTAL PLAN AND A DISABILITY BENEFITS PLAN

WHEREAS, the Health Service Board has reviewed proposals from organizations to provide implementation of an Internal Revenue Code Section 125 Program at no cost to the City; and

WHEREAS, the Health Service Board has reviewed proposals from organizations to provide a fully contributory indemnity dental plan; and

WHEREAS, in the judgment of the Health Service Board that Colonial Life & Accident Insurance Company would provide the most appropriate amount of expertise and administrative support to implement a Section 125 program for the City at no cost; and

WHEREAS, in the judgment of the Health Service Board that Colonial Life & Accident Insurance Company would provide the most beneficial indemnity dental plan to City employees at no cost to the City;

THEREFORE, BE IT RESOLVED, that the Health Service Board expresses its intent to enter into an agreement with Colonial Life & Accident Insurance Company to provide for implementation of a Section 125 program to include an indemnity dental plan and a disability benefits plan, which disability benefits plan is a condition of Colonial Life's participation with the City, at no cost to the City.

RECOMMENDED BY: Renee E. Smith
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED BY: Abraham Bernstein
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: June 29, 1988

VOTE: 4-0 (Bernstein, Molinari absent)

RESOLUTION NO. 87-15

TITLE: RESOLUTION EXPRESSING THE INTENT TO ENTER INTO AN AGREEMENT WITH DENTICARE, TO PROVIDE A PREPAID DENTAL PLAN

WHEREAS, The Health Service Board has reviewed proposals from organizations to provide a prepaid dental plan as a benefit at no cost to the City under the Internal Revenue Code Section 125 program to be implemented by the City; and

WHEREAS, in the judgment of the Health Service Board that DentiCare would provide the most comprehensive and qualitative prepaid dental benefit at the most reasonable cost for City employees;

THEREFORE, BE IT RESOLVED, that the Health Service Board expresses its intent to enter into an agreement with DentiCare to provide a prepaid dental plan to City employees at no cost to the City.

RECOMMENDED BY: _____
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED BY: _____
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: June 29, 1988

VOTE: 4-0 (Bernstein, Molinari absent)

SF
H25
#2
7/12/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - JULY 12, 1988 - 4:00 P.M.

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A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: Bernstein, Abraham, M.D. Commissioner Molinari
Commissioner Deignan Vice-President Paretchan
Commissioner Krueger Commissioner Zvanski

4. Minutes of Regular Meeting of June 13, 1988, and Special Meetings of June 20 and June 29, 1988, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

   a. Relocation of Health Service System

8. New Business -

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

Dist. 'C'

SF
H25
#3
7/12/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY JULY 12, 1988 - 4:00 P.M.

Minutes

A G E N D A

1. CALL TO ORDER - President Pro Temp Paretchan called the meeting to order at 4:00 p.m.

2. PLEDGE OF ALLEGIANCE.

3. ROLL Call -

PRESENT: Commissioner Deignan, Vice-President Paretchan, Commissioner Krueger, Commissioner Zvanski

ABSENT: President Bernstein (Medical), Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF JUNE 13, AND SPECIAL MEETINGS OF JUNE 20 AND JUNE 29, 1988.

Motion was made by Commissioner Zvanski and seconded to approve the minutes of the Regular Meeting of June 13, 1988, and Special Meetings of June 20 and June 29, 1988 as submitted and the motion was adopted (4-0 vote).

5. ACTUARIAL REPORT

Mr. Tito Rael, Rael & Letson, reported that the detail statistics for June were not available because of internal system problems, however, overall figures are available reflecting a loss ratio of 106.6%.The detail report will be provided at the August meeting.

6. APPEALS COMMITTEE

President Paretchan reported that no appeals were calendered before the Appeals Committee this month.

7. OLD BUSINESS

a. Relocation of Health Service System -- After discussion, it was moved by Commissioner Deignan and seconded to continue this item until the next meeting. The motion passed unanimously (4-0 vote).

b. Commissioner Zvanski noted for the record that Maxicare had responded unfavorably to the request for expansion of their service area to Tuolumne County. It was noted that the potential of using a new HMO is being studied as to feasibility.

8. NEW BUSINESS -

a. Request of St. Luke's Hospital for Rate Increase - Mr. Walter Kopp and Dr. Richard Sanchez representing St. Luke's and its physicians, addressed the Board on St. Luke's need for a rate increase greater than contractually agreed. After discussion, Commissioner Zvanski made a motion which was seconded, to refer the matter to the Rates and Benefits Committee. The motion passed unanimously (4-0 vote).

b. President Pro Temp Paretchan requested that staff determine the ability to pay local travel and parking costs for Board Members.

c. Supplemental Calendar - A motion was made by Commissioner Krueger and seconded to hear the supplemental calendar pursuant to Section 54954.2b1 of the Government Code. The motion passed unanimously (4-0).

1. Renewal of Agreement with Santa Rosa Memorial Hospital

After discussion, Commissioner Krueger made a motion which was seconded, to adopt staff recommendation. The motion passed unanimously (4-0 vote) (Exhibit "A").

9. EXECUTIVE DIRECTOR'S REPORT -

a. The outstanding claim count as of July 1st is 4,739 up from 3,995 last month. A new claims processor will begin work on July 18th, however, another processor is still out on a medical leave until August 8th.

b. The 1988-89 budget was approved by the Board of Supervisors at a level of $1.9 million or a 2.7% increase including one new Management Information System Technician.

c. Blue Cross has advised us that effective October 1, 1988 the hourly rate for the hospital audit program will be increased from $35.75 to $45 per hour.

d. The legislation for the Section 125 Cafeteria Plan was received back from the City Attorney today and it is hoped that it will be introduced by Supervisor Molinari next Monday.

11. ANNOUNCEMENTS -

None

12. ADJOURNMENT -

There being no further business, a motion was made by Commissioner Krueger and seconded to adjourn the meeting at 5:20 p.m.

Randall B. Smith

Dist. 'C'

RANDALL B. SMITH
EXECUTIVE DIRECTOR

SUPPLEMENTAL CALENDAR

Section 54954.2b1 of the Government Code (Brown Act) states a Board may take action on items not appearing on the posted agenda:
(2) Upon a determination by a two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that the need to take action arose subsequent to the agenda being posted as specified in Subdivision(a).

(Motion needed to hear supplemental calendar)

Item No. 1. RENEWAL OF AGREEMENT WITH SANTA ROSA MEMORIAL HOSPITAL

Santa Rosa is requesting a 10% increase on average which is within the 10% guideline being used on-non San Francisco hospitals.

This rate request is reasonable in lieu of our paying 47% of billed charges for the 1987-88 fiscal year to date and the hospital's financial problems.

STAFF RECOMMENDATION: APPROVE AGREEMENT FOR 1988-89 FISCAL YEAR.

BOARD ACTION: APPROVE STAFF RECOMMENDATION (4-0 Vote Bernstein, Molinari absent)

RESOLUTION NO. 88-01

TITLE: AUTHORIZING ATTENDANCE OF STAFF AND BOARD MEMBERS AT IFEB BENEFIT CONFERENCE

RESOLVED:

WHEREAS, the Health Service Board has fiduciary responsibility for the City and County of San Francisco Health Service System; and

WHEREAS, the responsibility requires continued measures to keep educationally informed on current employee benefit developments, and

WHEREAS, the International Foundation of Employee Benefit Plans is conducting a Health Care Cost Management Conference, and

WHEREAS, the Health Service Board considered at its regular meeting of August 9, 1988, the appropriateness of attendance of staff and Board members at that conference;

THEREFORE, BE IT RESOLVED the Health Service Board approved the transfer and expenditure of up to $1,200 per attendee from the Health Service Trust for attendance at the Health Care Cost Management Conference on September 29 to October 1, 1988.

RECOMMENDED BY: Randall B. Smith
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED BY: Edna Kaufman Brenstein
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: August 9, 1988 Aug. 9, 1988

VOTE: 5-0 vote (Molinari absent)

RESOLUTION NO. 88-02

TITLE: AUTHORIZING ATTENDANCE OF STAFF AND BOARD MEMBERS AT IFEB ANNUAL CONFERENCE

RESOLVED:

WHEREAS, the Health Service Board has fiduciary responsibility for the City and County of San Francisco Health Service System;

WHEREAS, the responsibility requires continued measures to keep educationally informed on current employee benefit developments; and

WHEREAS, the International Foundation of Employee Benefit Plans is conducting its Annual Conference, and

WHEREAS, the Health Service Board considered at its regular meeting of August 9, 1988, the appropriateness of attendance of staff and Board members at that conference;

THEREFORE, BE IT RESOLVED the Health Service Board approves the transfer and expenditure from the Health Service Trust of up to $1,800 per attendee to cover the cost of attendance at the IFEB Annual Conference on November 11-16, 1988.

RECOMMENDED BY: Randall B. Brandt
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED: Abraham Bernstein
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: August 9, 1988 Aug. 9, 1988

VOTE: 5-0 vote (Molinari absent)

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8/9/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - AUGUST 9, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of July 12, 1988 submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee - Commissioner Paretchan, Chair

7. Old Business -

   a. Relocation of Health Service System
   b. Status Report on Cafeteria Plan

8. New Business -

   a. Third Party Compromise Settlement

      1. Diane Ward - H.S.S.# 87281-01
      2. Charles D. Brewer - H.S.S.#40442-00

   b. Authorization for Staff and/or Board Members to attend Health Care Cost Containment Conference, September 29 - October 1, 1988 in Monterey, CA.

   c. Authorization for Staff and/or Board Members to attend Annual Benefit Conference, November 11-16, 1988 in New Orleans, LA.

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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8/9/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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AUGUST 9, 1988 - 4:00 P.M.

Minutes

A G E N D A

1. CALL TO ORDER - President Bernstein called the meeting to order at 4:00 p.m. and thanked everyone for their well wishes during his recuperation period.

2. PLEDGE OF ALLEGIANCE.

3. ROLL CALL -

PRESENT: Commissioner Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF JULY 12, 1988

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of July 12, 1988, and that item 9c of the minutes be addressed under new business, and the motion was adopted (5-0 vote).

5. ACTUARIAL REPORT

Mr. Tito Rael, Rael & Letson, reported the final loss ratio of 108% for the year and 138% for the month. The prescription drug experience again soared to 270% for the month and 142% for the year. (Exhibit 'A')

Mr. Rael requested that Mr. Alan Lindquist, CPA, be allowed to make a presentation at the next committee meeting of the Board on issues which are important to address in a drug audit. The Board concurred.

6. APPEALS COMMITTEE

President Paretchan reported that there was one appeal heard this month. The appeal was continued.

7. OLD BUSINESS

a. Relocation of Health Service System -- Mr. Smith advised the Board that Real Estate has indicated they are working on a proposal to relocate Health Service and some other departments, but that Real Estate would not indicate what the proposal involves. They also indicated it was too early to solicit the department's response to their proposal.

b. Status Report on Cafeteria Plan - Mr. Smith reported that the amendment to the Administrative Code ordinance was passed by the Board of Supervisors for second reading yesterday. The Mayor, CAO and President of the Board of Supervisors have agreed to send a memo to department heads asking their support for the Cafeteria Plan.

A payroll teaser will be distributed with the paycheck on August 16th and Colonial will commence their departmental meetings the week of August 22nd.

The program will be effective on paychecks for the period ending November 25, 1988.

8. NEW BUSINESS -

a. Third Party Compromise Settlement

1. Charles D. Brewer - HSS NO. 87281 (Exhibit B)
2. Diane Ward - HSS NO. 40442 (Exhibit C)

Commissioner Paretchan made a motion, which was seconded, to approve the acceptance of the lien recommendations of the City Attorney. The motion passed unanimously (5-0 vote).

b. Authorization for Staff and/or Board Members to attend Health Care Cost Containment Conference, September 29 - October 1, 1988 in Monterey, CA.

Commissioner Paretchan made a motion, which was seconded, to approve sending the Executive Director and one Board member. The motion passed (5-0 vote.) (Exhibit 'D')

c. Authorization for Staff and/or Board Members to attend Annual Benefit Conference, November 11-16, 1988 in New Orleans, LA.

Commissioner Deignan made a motion, which was seconded, to allow staff and Board members to attend the Annual Conference The motion passed unanimously (5-0 vote) (Exhibit 'E').

d. Blue Cross Hospital Bill Audit Program

Commissioner Paretchan made a motion, which was seconded, to send a letter to Blue Cross asking them to accept $40 per hour instead of the proposed $45 per hour. The motion passed unanimously (5-0 vote).

e. Commissioner Paretchan questioned Maxicare representatives about inquiries he has had regarding late issuance of membership cards. Maxicare says cards should be out to members in 4 to 6 weeks.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The claim count has risen to 7,421 from 4,739 because of staffing storages and programmatic problems with the new year benefit changes. This reflects about a 10 1/2 day backlog..

b. The Investment Report (Exhibit 'F') reflects a shortfall in anticipated interest income caused by a continually declining cash balance throughout the year.

c. The new City Plan Benefit Booklet and sample of the new membership card were given to the Board and will be mailed to members soon. A new provider directory is also in the works, although the financial and layout aspects have not yet been finalized.

d. Maxicare has advised us that their Chief Executive Officer, Fred Wasserman has stepped down from his position.

e. Heals has advised us that they have entered into an exclusive provider arrangement with a large chain on prescription drugs commencing in September, 1988.

f. The Medicare Catastrophic Protection Bill which will be phased in beginning January 1, 1989 could have a major impact on the Health Service System. The bill needs to be studied as to its implications once specific information on the bill is available.

g. The Charter Amendment on the conduct of Health Service Board elections and an alternate supervisor serving if the Finance Committee Chair is unable has been put on the November ballot by the Board of Supervisors.

h. There are four hospitals which may prove difficult to finalize negotiations with based on the Board's 10% maximum increase guideline. These hospitals are Mills-Peninsula, Alta Bates, Novato and Petaluma Valley Hospitals.

10 ANNOUNCEMENTS -

a. The Board scheduled a Rates and Benefits Committee meeting on September 6th at 2:00 P.M.

b. The Board rescheduled the regular September meeting to Thursday, September 15th.

11 ADJOURNMENT -

There being no further business, President Bernstein adjourned the meeting at 5:05 p.m.

Dis. 'C'

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Randall B. Smith
Executive Director

REPORT BY ACTUARY ON CASH BASIS FOR THE AUGUST 9, 1988
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1987 through June 30, 1988

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 10,719,654[a]	$ 10,834,708	127%	101%
Retired Employees (NM)	4,279,831	4,361,776	98	102
Retired Employees (M)	3,363,173	2,480,894	65	74
Adult Dependents (NM)	4,162,711	5,017,260	126	121
Adult Dependents (M)	470,461	535,316	81	114
Minor Dependents	2,263,759[b]	2,925,527	226	129
TOTAL	$ 25,259,589	$ 26,155,481	121%	104%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 1,279,662	$ 1,915,553	306%	150%
Retired Employees (NM)	538,580	753,670	254	140
Retired Employees (M	1,443,145	1,960,951	246	136
TOTAL	$ 3,261,387	$ 4,630,174	270%	142%
(3) VISION CARE COVERAGES				
Active Employees	$ 503,702	$ 563,294	147%	112%
Retired Employees (NM)	119,933	153,426	278	128
Retired Employees (M)	304,802	252,278	54	83
TOTAL	$ 928,437	$ 968,998	132%	104%
(4) ALL COVERAGES				
Active Employees	$ 12,503,018	$ 13,313,554	146%	106%
Retired Employees (NM)	4,938,344	5,268,871	119	107
Retired Employees (M)	5,111,120	4,694,123	116	92
Adult Dependents (NM)	4,162,711	5,017,260	126	121
Adult Dependents (M)	470,461	535,316	81	114
Minor Dependents	2,263,759	2,925,527	226	129
TOTAL	$ 29,449,413	$ 31,754,652	138%	108%

[a] Includes $590,004 of interest subsidy.
[b] Includes $309,996 of interest subsidy.

EXHIBIT 'B'

THIRD PARTY COMPROMISE SETTLEMENT

HSS MEMBER: CHARLES D. BREWER

HSS NO. 40442-00

ATTORNEY: BRUCE S. OSTERMAN

LIEN AMOUNT: $63,285.93

NATURE OF CASE:

AUTOMOBILE ACCIDENT IN APRIL, 1986

CITY ATTORNEY
RECOMMENDATION:

Accept $30,000.00 in partial settlement of lien dependent upon future additional recovery from another defendant. This acceptance would relieve one defendant, Robert Fitzgerald from further liability.

THIRD PARTY COMPROMISE SETTLEMENT

HSS MEMBER: DIANE WARD

HSS NO. 87281-01

ATTORNEY: NEEDHAM, HULL AND DYKMAN

LIEN AMOUNT: $14,603.63

NATURE OF CASE:

Automobile accident in July, 1985

CITY ATTORNEY RECOMMENDATION:

Accept $7,500 in satisfaction of lien amount as a result of lower jury award then expected. Attorney claims jury reduced award because they determined a shoulder injury was not as a result of automobile accident. Therefore any lien amount involving the shoulder should be eliminated or pro-rated.

EXHIBIT 'D'

RESOLUTION NO. 88-01

TITLE: AUTHORIZING ATTENDANCE OF STAFF AND BOARD MEMBERS AT IFEB BENEFIT CONFERENCE

RESOLVED:

WHEREAS, the Health Service Board has fiduciary responsibility for the City and County of San Francisco Health Service System; and

WHEREAS, the responsibility requires continued measures to keep educationally informed on current employee benefit developments, and

WHEREAS, the International Foundation of Employee Benefit Plans is conducting a Health Care Cost Management Conference, and

WHEREAS, the Health Service Board considered at its regular meeting of August 9, 1988, the appropriateness of attendance of staff and Board members at that conference;

THEREFORE, BE IT RESOLVED the Health Service Board approved the transfer and expenditure of up to $1,200 per attendee from the Health Service Trust for attendance at the Health Care Cost Management Conference on September 29 to October 1, 1988.

RECOMMENDED BY: _____
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED BY: _____
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: August 9, 1988

VOTE: 5-0 vote (Molinari absent)

RESOLUTION NO. 88-02

TITLE: AUTHORIZING ATTENDANCE OF STAFF AND BOARD MEMBERS AT IFEB ANNUAL CONFERENCE

RESOLVED:

WHEREAS, the Health Service Board has fiduciary responsibility for the City and County of San Francisco Health Service System;

WHEREAS, the responsibility requires continued measures to keep educationally informed on current employee benefit developments; and

WHEREAS, the International Foundation of Employee Benefit Plans is conducting its Annual Conference, and

WHEREAS, the Health Service Board considered at its regular meeting of August 9, 1988, the appropriateness of attendance of staff and Board members at that conference;

THEREFORE, BE IT RESOLVED the Health Service Board approves the transfer and expenditure from the Health Service Trust of up to $1,800 per attendee to cover the cost of attendance at the IFEB Annual Conference on November 11-16, 1988.

RECOMMENDED BY: Randall B. Dean
EXECUTIVE DIRECTOR, HEALTH SERVICE SYSTEM

APPROVED: Abraham Simmons
PRESIDENT, HEALTH SERVICE BOARD

ADOPTED: August 9, 1988 Aug. 9, 1988

VOTE: 5-0 vote (Molinari absent)

EXHIBIT 'F'

HEALTH SERVICE SYSTEM TRUST FUND
As of June 30, 1988

POOLED CASH INVESTMENT REPORT

	CASH BALANCE AS OF MONTH END		POOLED CASH AVG. CURRENT YIELD		INTEREST EARNED TO DATE		
	1986-87	1987-88	1986-87	1987-88	1986-87	1987-88 MONTH	1987-88 YTD
JULY	N/A	$12,904,049	8.60%	8.29%	$55,060.82	$ 89,195.95	$ 89,195.95
AUGUST	$7,313,572	15,603,058	9.33	8.08	102,689.98	105,575.83	194,771.78
SEPTEMBER	10,402,900	11,125,041	9.85	9.34	188,539.20	87,475.67	282,247.45
OCTOBER	11,558,764	16,837,733	10.03	9.74	285,918.95	137,655.76	419,903.21
NOVEMBER	10,391,939	8,389,910	10.03	8.55	373,213.86	60,400.30	480,303.51
DECEMBER	11,089,137	8,148,882	8.94	7.89	455,790.84	54,079.76	534,383.27
JANUARY	10,160,796	8,905,145	9.49	9.32	536,694.94	70,144.35	604,527.62
FEBRUARY	13,352,691	8,104,166	9.10	8.53	637,983.27	57,660.39	662,188.01
MARCH	15,366,037	11,454,792	9.62	8.96	761,849.06	85,372.54	748,060.55
APRIL	13,439,584	9,648,026	10.80	7.27	883,921.77	58,975.61	807,036.16
MAY	11,744,130	8,674,294	11.89	7.50	1,001,372.65	54,216.95	861,253.11
JUNE	11,913,924	8,654,246	9.64	8.24	1,097,082.22	59,332.93	921,086.04

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HEALTH SERVICE SYSTEM
RESCHEDULED REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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THURSDAY - SEPTEMBER 15, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order

2. Pledge of Allegiance

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of August 9, 1988 submitted for approval.

5. Actuarial Report - Rael & Letson

6. Report of Appeals Committee - Commissioner Paretchan, Chair

   a. Christine Schenone - H.S.S. No. 18715
   b. Kathleen Ferdon - H.S.S. No. 83738

7. Report of Rates and Benefits Committee-Commissioner Krueger, Chair

   a. Contract Renewal of St. Lukes Hospital
   b. Blue Cross Rate Increase for Hospital Bill Audit Program
   c. Hospital Contract Renewal for Alta Bates, Mills-Peninsula, Novato and Petaluma Valley Hospitals
   d. Contract With Central Diagnostic Laboratory

8. Old Business -

   a. Relocation of Health Service System
   b. Status Report on Cafeteria Plan

9. New Business -

   a. Request of Local 790 on Membership of Per Diem Nurses
   b. Request of DentiCare to Make Mailing to Employees
   c. Consideration of Audit on Prescription Drug Program
   d. Resolution of Commendation on Retirement of Adela Buensuceso and Frances Edwards

10. Executive Director's Report -
11. Announcements -
12. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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SEPTEMBER 15, 1988 - 4:00 P.M.

A G E N D A

1. CALL TO ORDER - President Bernstein called the meeting to order at 4:00 p.m.

2. PLEDGE OF ALLEGIANCE.

3. ROLL CALL -

PRESENT: President Bernstein — Vice-President Paretchan
Commissioner Deignan — Commissioner Zvanski

ABSENT: Commissioner Krueger
Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF AUGUST 9, 1988

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of August 9, 1988, and the motion was adopted (4-0 vote).

5. ACTUARIAL REPORT

Mr. Tito Rael, Rael & Letson, reported that the July & August experience are not available because of new accounting system problems. However, an estimate of the experience for July showing an 85% loss ratio was provided to the Board.

6. APPEALS COMMITTEE

a. Christine Schenone - H.S.S. No. 18715
b. Kathleen Ferdon - H.S.S. No. 83738

President Paretchan reported that two appeals were heard involving a change of health plan and an extension of benefit coverage. He made a motion, which was seconded, to adopt the recommendation of the Committee to deny both appeals. The motion passed 4-0 vote (Exhibit 'A').

7. REPORT OF RATES AND BENEFITS COMMITTEE (Exhibit 'B')

a. Contract Renewal of St. Lukes Hospital

This item was forwarded to the full Board without recommendation. After discussion, it was moved by Commissioner Paretchan and seconded to continue the existing agreement as is. The motion passed 3-1 (Zvanski).

b. Blue Cross Rate Increase for Hospital Bill Audit Program

This item was forwarded to the full Board without recommendation. After review of the Blue Cross response to the Board's rate proposal and discussion, Commissioner Paretchan made a motion, which was seconded, to approve the Blue Cross rate increase to $45 per hour effective October 1st. The motion passed 4-0 vote.

c. Hospital Contract Renewal for Alta Bates, Mills-Peninsula, Novato and Petaluma Valley Hospitals

This item was forwarded to the Board with a recommendation to approve a 10% increase for Novato Community and Petaluma Valley Hospitals. There is no recommendation on Alta Bates and Mills/ Peninsula.

After discussion, Commissioner Paretchan made a motion, which was seconded, to approve the Novato Community and Petaluma Valley Hospital agreements as recommended. The motion passed 4-0 vote.

Commissioner Paretchan made a motion which was seconded, to offer Mills/Peninsula Hospital an average 11% rate increase. The motion passed 4-0 vote.

Commissioner Paretchan made a motion, which was seconded, to continue this item and await a communication from Alta Bates. The motion passed 4-0 vote.

d. Contract With Central Diagnostic Laboratory

This item was forwarded to the Board with a recommendation to approve the agreement with a two year guarantee. Commissioner Paretchan made a motion, which was seconded, to approve the recommendation of the Committee. The motion passed 4-0 vote.

8. OLD BUSINESS

a. Relocation of Health Service System

The Board reviewed a letter from the Real Estate Department indicating that they were actively pursuing leased area to accomodate those City departments involved in certification of employees. They project some decision in the next few weeks. The item was continued.

b. Status Report on Cafeteria Plan

Mr. Tony Chimienti of Colonial Life gave a report on the implementation of the Cafeteria Plan. Approximately 6,000 employees have been processed to date. He felt that most City departments have been very cooperative. The item was continued.

9. NEW BUSINESS

a. Request of Local 790 on Membership of Per Diem Nurses

After discussion, Commissioner Paretchan made a motion, which was seconded, to continue the item pending an opinion from the City Attorney. The motion passed 4-0 vote.

b. Request of DentiCare to Make Mailing to Employees

Commissioner Deignan made a motion, which was seconded, to approve DentiCare's request to mail a marketing brochure to employees with approval of the accompanying letter by the Executive Director. The motion passed 4-0 vote.

c. Consideration of Audit on Prescription Drug Program

Two proposals were received to conduct an audit of the prescription drug plan. Commissioner Paretchan made a motion, which was seconded to accept the proposal of Alan C. Lindquist and Co., CPA's, to do the prescription drug audit for $4,000-$6,000. The motion passed 4-0 vote.

d. Resolution of Commendation on Retirement of Adela Buensuceso and Frances Edwards

Commissioner Paretchan made a motion, which was seconded, to approve Resolutions of Commendation on the Retirement of two Health Service Staff members. The motion passed 4-0 vote.

10. EXECUTIVE DIRECTOR'S REPORT

a. The outstanding claim count as of September 9th was 5,530 versus 7,421 last month.

b. The Investment Report (Exhibit 'C') was presented to the Board for the month of July, 1988.

c. The dental information for retirees will be mailed sometime next.

11. ANNOUNCEMENTS - None

12. ADJOURNMENT

There being no further business, President Bernstein adjourned the meeting at 5:17 p.m.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - OCTOBER 11, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski
4. Minutes of Regular Meeting of September 15, 1988 submitted for approval.
5. Actuarial Report - Rael & Letson
6. Report of Appeals Committee - Commissioner Paretchan, Chair
7. Old Business -
   a. Relocation of Health Service System
   b. Status Report on Cafeteria Plan
   c. Hospital Contract Renewal with Alta Bates and Mills/Peninsula Hospital
   d. Request of Local 790 on Membership of Per Diem Nurses
8. New Business -
9. Executive Director's Report
10. Announcements -
11. Adjournment -

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THIS MEETING WAS CANCELLED BECAUSE OF LACK OF A QUORUM

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11/8/88

HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY- NOVEMBER 8, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of September 15, 1988, submitted for approval.

5. Actuarial Report - Rael & Letson

6. Appeals Committee Recommendations - Commissioner Paretchan, Chair

7. Old Business -

   a. Relocation of Health Service System
   b. Status Report on Cafeteria Plan
   c. Hospital Contract Renewal with Alta Bates and Mills/Peninsula Hospitals

8. New Business -

   a. Policy Statement Prohibiting Discrimination on Basis of AIDS, ARC, HIV Infection
   b. Medicare Catastrophic Health Care Act

9. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - NOVEMBER 8, 1988 - 4:00 P.M.

1. CALL TO ORDER - President Bernstein called the meeting to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF SEPTEMBER 15, 1988, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Zvanski and seconded to approve the minutes of the Regular Meeting of September 15, 1988, as submitted and the motion was adopted (5-0 vote).

5. ACTUARIAL REPORT -

Mr. Tito Rael, Rael & Letson, presented the experience reports for August, September and October, 1988 (Exhibits 'A-C') reflecting an overall loss ratio of 97%. The October experience reflects an extra billing for prescription drugs. Mr. Rael reported that Alan Lindquist & Co., CPA has started the prescription audit. It is expected that their audit would be completed by the end of the year.

6. APPEALS COMMITTEE -

Commissioner Paretchan reported 17 appeals were reviewed and 13 were denied and 4 were approved. He made a motion, which was seconded, to approve these recommendations. The motion passed unanimously (5-0 vote).

7. OLD BUSINESS -

a. Relocation of Health Service System -

Mr. Smith reported that the Real Estate Department has now focused its attention on 1155 Market St., 3rd Floor. The proposed 1170 Market Street site move has apprarently fallen through. The 3rd Floor at 1155 Market contains 12,021 square feet, however, it is proposed to share the area with the Retirement System. The earliest a move could occur would be May-July, 1989.

b. Status Report on Cafeteria Plan

Mr. Smith reported that a memorandum was sent out to all employees indicating the close of the initial enrollment period on November 10th and indicating how those employees who wish to participate could do so before the deadline.

He also reported that Colonial has offered their representatives to man various sites throughout the City from December 6-9th to handle any problems which may occur when paychecks are distributed on December 6th.

Mr. Toney Chimiente of Colonial Life responded to concerns of Board members regarding the ability of employees to get information on the telephone from Colonial. He estimated that about 1,700 employees enrolled in the Colonial dental plan and that there was about a 30% participation rate in some benefit plan.

c. Hospital Contract Renewal with Alta Bates and Mills Peninsula Hospitals

After discussion of Alta Bates Hospital's position on a rate increase, Commissioner Krueger made a motion, which was seconded, to approve staff's recommendation approving Alta Bates rate request of 15%. The motion was defeated 2-3 (Bernstein, Deignan and Paretchan). A motion was then made by Commissioner Deignan, which was seconded, to offer Alta Bates an 11% increase. The motion passed 4-1 (Krueger).

A motion was made by Commissioner Deignan, which was seconded, to approve the Mills Peninsula Hospital agreement with an 11% increase. The motion passed 5-0 vote.

8. NEW BUSINESS -

a. Policy Statement Prohibiting Discrimination on Basis of AIDS, ARC, HIV Infection -

Commissioner Deignan made a motion, which was seconded, to adopt the proposed policy (Exhibit 'D') for the Health Service System. The motion passed 5-0 vote.

b. Medicare Catastrophic Health Care Act -

Mr. Smith reported that this federal law to be effective January 1, 1989 will impact Health Service beneficiaries as well as the Health Service System.

The law provides for increased Medicare hospital benefits in 1989 most of which are already duplicated by the health plans offered through the System.

Medicare beneficiaries will pay an increased Part B premium starting January 1, 1989 of $4.00 per month, which when combined with the normal cost increase of the medical portion of the Medicare program will bring monthly premiums to $33.90 per month. In addition, there will be a supplemental tax liability of $22.50 for each $150 of tax liability to a maximum of $800 in the Tax Year 1989 for each Medicare eligible beneficiary.

8. NEW BUSINESS (cont'd.)

There is a provision in the law called 'Maintenance of Effort' which requires employers to determine the actuarial value of the duplicative benefits and then to refund that value to eligibles or increase their benefits by that value. Regulations are to be issued by the Secretary of Health and Human Services to determine the value of various benefits. The System is awaiting these regulations along with the actions of the contract health plans before responding to the requirements of the law.

9. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The claim count is now down to 2,705 claims or about a 3 1/2-day backlog versus 5,504 last month. This is the lowest outstanding claim count since January, 1987.

b. The Investment Report (Exhibit 'E') through September, 1988 was presented to the Board.

c. The annual survey request to the ten most populous counties has been mailed out and the results will be reported at the January meeting.

d. Section 89, another federal law, effective January 1, 1989, which tests for discrimination favoring highly compensated employees could present more headaches for the City and the Health Service System. It has not yet been determined whose responsibility within City government it will be to test for compliance with this law.

e. California Chiropractic Services, Inc. has requested that they be allowed to offer discounted chiropractic benefits to members in HMO's. It was a consensus of the Board that CCS should make this request through the HMO's, and not the Health Service System.

f. A letter was received from the new Maxicare CEO reassuring the System that the health plan is recovering from its financial problems and that it will remain a viable plan.

g. It has been brought to the Director's attention that Marshal Hale Hospital, which is affiliated with Children's Hospital, is now writing off the 20% patient liability on inpatient admissions and only charging our members the $200 inpatient hospital copayment.

10. ANNOUNCEMENTS - The Chair recognized the following:

a. Commissioner Paretchan announced that three Health Service employees were honored by the Mayor's office under the City Wide Employee Recognition Program.

b. Mr. Rael, Rael & Letson, requested that a Rates & Benefits Committee meeting to be set for the purpose of discussing a potential change in the Charter on the derivation of the average contribution of the ten most populous counties. The Board set a meeting for Thursday, December 8th at 10:00 A.M.

11. ADJOURNMENT -

There being no further business , President Bernstein adjourned the meeting at 5:27 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE NOVEMBER 8, 1988
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1988 through October 31, 1988

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 3,713,789	$ 3,694,641	129%	99%
Retired Employees (NM)	1,548,765	1,231,443	95	80
Retired Employees (M)	1,264,016	887,629	73	70
Adult Dependents (NM)	1,740,301	1,828,975	131	105
Adult Dependents (M)	200,163	180,765	97	90
Minor Dependents	933,882[a]	1,068,451	97	114
TOTAL	$ 9,400,916	$ 8,891,903	112%	95%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 434,368	$ 558,825	147%	129%
Retired Employees (NM)	206,849	236,358	127	114
Retired Employees (M)	603,244	607,822	118	101
TOTAL	$ 1,244,461	$ 1,403,005	129%	113%
(3) VISION CARE COVERAGES				
Active Employees	$ 156,588	$ 181,074	121%	116%
Retired Employees (NM)	41,437	43,764	127	106
Retired Employees (M)	116,621	80,215	73	69
TOTAL	$ 314,646	$ 305,053	103%	97%
(4) ALL COVERAGES				
Active Employees	$ 4,304,745	$ 4,434,540	130%	103%
Retired Employees (NM)	1,797,051	1,511,565	100	84
Retired Employees (M)	1,983,881	1,575,665	87	79
Adult Dependents (NM)	1,740,301	1,828,975	131	105
Adult Dependents (M)	200,163	180,765	97	90
Minor Dependents	933,882	1,068,451	97	114
TOTAL	$ 10,960,023	$ 10,599,961	112%	97%

[a] Includes $200,000 of interest subsidy.

REPORT BY ACTUARY ON CASH BASIS FOR THE NOVEMBER 8, 1988
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1988 through September 30, 1988

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 2,872,247	$ 2,610,616	82%	91%
Retired Employees (NM)	1,164,703	865,804	67	74
Retired Employees (M)	947,790	656,308	46	69
Adult Dependents (NM)	1,340,060	1,305,426	96	97
Adult Dependents (M)	150,037	132,075	76	88
Minor Dependents	718,492[a]	858,671	147	120
TOTAL	$ 7,193,329	$ 6,428,899	83%	89%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 336,717	$ 415,513	102%	123%
Retired Employees (NM)	155,497	171,320	83	110
Retired Employees (M)	452,281	429,459	81	95
TOTAL	$ 944,495	$ 1,016,292	88%	108%
(3) VISION CARE COVERAGES				
Active Employees	$ 121,457	$ 138,628	113%	114%
Retired Employees (NM)	31,162	30,758	81	99
Retired Employees (M)	87,451	58,864	65	67
TOTAL	$ 240,070	$ 228,250	90%	95%
(4) ALL COVERAGES				
Active Employees	$ 3,330,421	$ 3,164,757	85%	95%
Retired Employees (NM)	1,351,362	1,067,881	69	79
Retired Employees (M)	1,487,522	1,144,631	58	77
Adult Dependents (NM)	1,340,060	1,305,426	96	97
Adult Dependents (M)	150,037	132,075	76	88
Minor Dependents	718,492	858,671	147	120
TOTAL	$ 8,377,894	$ 7,673,442	84%	92%

[a] Includes $150,000 of interest subsidy.

REPORT BY ACTUARY ON CASH BASIS FOR THE NOVEMBER 8, 1988
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1988 through August 31, 1988

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employee	$ 2,028,953	$ 1,920,926	111%	95%
Retired Employees (NM)	767,884	601,856	86	78
Retired Employees (M)	629,846	509,456	81	81
Adult Dependents (NM)	937,687	920,879	126	98
Adult Dependents (M)	99,076	93,090	112	94
Minor Dependents	501,317[a]	539,317	109	108
TOTAL	$ 4,964,763	$ 4,585,524	105%	92%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 238,979	$ 315,908	151%	132%
Retired Employees (NM)	102,398	127,355	118	124
Retired Employees (M)	300,511	306,447	98	102
TOTAL	$ 641,888	$ 749,710	119%	117%
(3) VISION CARE COVERAGES				
Active Employees	$ 86,290	$ 98,765	122%	114%
Retired Employees (NM)	20,545	22,114	104	108
Retired Employees (M)	58,120	39,921	59	69
TOTAL	$ 164,955	$ 160,800	95%	97%
(4) ALL COVERAGES				
Active Employees	$ 2,354,222	$ 2,335,598	116%	99%
Retired Employees (NM)	890,827	751,325	90	84
Retired Employees (M)	988,477	855,824	85	87
Adult Dependents (NM)	937,687	920,879	126	98
Adult Dependents (M)	99,076	93,090	112	94
Minor Dependents	501,317	539,317	109	108
TOTAL	$ 5,771,606	$ 5,496,034	107%	95%

[a] Includes $100,000 of interest subsidy.

"EXHIBIT D"

HEALTH SERVICE BOARD

POLICY STATEMENT PROHIBITING DISCRIMINATION IN EMPLOYMENT ON THE BASIS OF ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS), ACQUIRED IMMUNE DEFICIENCY SYNDROME RELATED COMPLEX (ARC), HUMAN IMMUNODEFICIENCY VIRUS INFECTION (HIV INFECTION) OR ANY MEDICAL SIGNS OR SYMPTOMS RELATED THERETO.

It is the policy of the City and County of San Francisco Health Service Board to prohibit discrimination in the compensation, terms, conditions and privileges of employment on the basis that any employee or applicant for employment with the Health Service System:

has, is perceived as having or has a history of having the conditions known as Acquired Immune Deficiency Syndrome (AIDS), Acquired Immune Deficiency Syndrome Related Complex (ARC), Human Immunodeficiency Virus Infection (HIV infection) or any medical signs or symptoms related thereto.

The Health Service Board finds that AIDS, ARC and HIV infection are national and local health concerns not confined to any single community, the effects of which cut across all communities, impacting all arenas of life, including that of the employment setting.

The Health Service Board provides the following policy guidelines to assist its employees in managing this health concern in the employment setting:

1. That current and best medical evidence is that AIDS, ARC and HIV infection do not pose a threat of contagion or transmission from worker to co-workers through everyday contact common in the work environment;

2. AIDS, ARC and HIV infection are life threatening illnesses, which may be regarded as handicaps under prevailing local, state and federal law. Infection with HIV is protected under state and local law. Each individual respond differently to the illness in terms of ability to work. On this basis, as with all other handicaps, departments are required to make reasonable accomodations to facilitate the ability of employees with AIDS, ARC or HIV infection to continue working as long as they desire and are able to perform the essential functions of the job with accomodation;

3. Like all other medical information and records, the conditions of AIDS, ARC or HIV infection in an employee or applicant are subject to privacy protection and all employees have a right to the confidentiality of medical information. Departmental personnel having access to an individual's medical records or those having knowledge of a medical condition have a duty to preserve the privacy and confidentiality of the information. To that end, it is imperative that such information not be shared without the express and prior written permission of the individual having the condition;

4. In that employees with AIDS, ARC or HIV infection do not pose a threat of contagion to co-workers through everyday work place contact, the refusal by co-workers to work with an individual having or perceived to have AIDS, ARC or HIV infection can be considered insubordination, subject to due process disciplinary action in consideration of the specific facts and circumstances of the refusal. Similarly, members of the public with AIDS, ARC or HIV infection pose no threat of contagion to Health Service employees providing common public services and the refusal of any Health Service employee to provide public service on this basis can be grounds for disciplinary action;

5. The Health Service System must treat AIDS, ARC and HIV as they would any other life threatening illness and must therefore apply and comply with all Civil Service Commission rules which govern employee health, including but not limited to leaves of absence, disability transfers and medical examinations. Under no circumstances shall an employee or applicant be required as a condition of pre-employment or employment to undergo any tests to detect the presence of the HIV antibody, antigen or virus;

6. Employees who are affected by any life threatening illness should be treated with compassion and understanding. Department personnel should provide support and encouragement and foster, by example, an attitude of sensitivity to the needs of chronically ill colleagues, recognizing that continued employment and interaction in the work environment can be physically, mentally and emotionally beneficial. Similarly, such compassion should be shown to employees who have a family member or significant other who has AIDS, ARC or HIV infection;

7. Given the fears that AIDS, ARC and HIV infection often inspire, the most effective way to avoid disruption and discrimination in the work place is to prepare and educate all employees. In fostering a rational, compassionate and non-discriminatory understanding of AIDS, ARC and HIV infection in the work place, departments should implement educational programs. These programs should be based on the best available medical knowledge, resources for employee support and City and County policies and rules which apply to the issues of AIDS, ACR and HIV infection in the work place.

The Health Service Board promulgates this policy in order to provide advice and guidance to Health Service employees in managing issues related to AIDS, ARC and HIV infection in the work place, thereby preventing discrimination in employment on this basis.

HEALTH SERVICE BOARD
POLICY PROHIBITING DISCRIMINATION
ON THE BASIS OF AIDS/ARC/HIV INFECTION

Under the provisions of Civil Service Commission Rule 1.03F, applicants or employees of the City and County of San Francisco may file complaints alleging discrimination on the bases of AIDS, ARC and HIV infection. Information on how to file such complaints is available from the Civil Service Commission Equal Employment Opportunity Unit, 151 City Hall, 554-4736.

HEALTH SERVICE SYSTEM

_____
President, Health Service Board

_____
Executive Director, Health Service System

0364A

"EXHIBIT E"

HEALTH SERVICE SYSTEM TRUST FUND
As of September 30, 1988

POOLED CASH INVESTMENT REPORT

	CASH BALANCE AS OF MONTH END		POOLED CASH AVG. CURRENT YIELD		INTEREST EARNED TO DATE		
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89 MONTH	1988-89 YTD
ULY	$12,904,049	$8,232,070	8.29%	9.02%	$89,195.95	$ 62,122.87	$ 62,122.87
UGUST	15,603,058	9,702,951	8.08	10.01	194,771.78	81,803.48	143,926.35
EPTEMBER	11,125,041	14,637,152	9.34	8.00	282,247.45	98,094.54	242,020.89
CTOBER	16,837,733		9.74		419,903.21		
OVEMBER	8,389.910		9.55		480,303.51		
ECEMBER	8,148.882		7.89		534,383.27		
ANUARY	8,905,145		9.32		604,527.62		
EBRUARY	8,104,166		.8.53		662,188.01		
ARCH	11,454,792		8.96		748,060.55		
PRIL	9,648,026		7.27		807.036.16		
AY	8,674,294		7.50		861,253.11		
UNE	8,654,246		8.24		921,086.04		

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

TUESDAY - DECEMBER 13, 1988 - 4:00 P.M.

A G E N D A

1. Call to Order.

2. Pledge of Allegiance.

3. Roll Call: President Bernstein, Commissioner Deignan, Commissioner Krueger, Commissioner Molinari, Vice-President Paretchan, Commissioner Zvanski

4. Minutes of Regular Meeting of November 8, 1988 submitted for approval.

5. Actuarial Report - Rael & Letson

6. Report of the Appeals Committee - Commissioner Paretchan, Chair

7. Report of the Rates and Benefits Committee - Commissioner Krueger, Chair

8. Old Business -

   a. Relocation of Health Service System
   b. Status Report on Cafeteria Plan
   c. Hospital Contract Renewal with Alta Bates Hospital

9. New Business -

   a. Reconsideration of amendment to the St. Luke's Hospital Contract.

10. Executive Director's Report -

10. Announcements -

11. Adjournment -

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HEALTH SERVICE SYSTEM
REGULAR MEETING OF THE HEALTH SERVICE BOARD
OF THE CITY AND COUNTY OF SAN FRANCISCO
HELD IN THE BOARD MEETING ROOM
1212 MARKET STREET, MEZZANINE LEVEL
SAN FRANCISCO, CALIFORNIA 94102

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TUESDAY - DECEMBER 13, 1988 - 4:00 P.M.

Minutes

1. CALL TO ORDER - President Bernstein called the meeting to order at 4:00 P.M.

2. PLEDGE OF ALLEGIANCE -

3. ROLL CALL -

PRESENT: President Bernstein, Vice-President Paretchan, Commissioner Deignan, Commissioner Zvanski, Commissioner Krueger

ABSENT: Commissioner Molinari

4. MINUTES OF REGULAR MEETING OF NOVEMBER 8, 1988, SUBMITTED FOR APPROVAL.

Motion was made by Commissioner Paretchan and seconded to approve the minutes of the Regular Meeting of November 8, 1988, as submitted and the motion was adopted (4-0 vote).

5. ACTUARIAL REPORT -

Rael & Letson - Mr. Tito Rael reported the City Health Plan claim experience through November (Exhibit 'A').

6. REPORT OF APPEALS COMMITTEE -

Commissioner Paretchan reported that there were sixteen appeals of which eleven were approved, four denied and one continued. He made a motion, which was seconded, to adopt the recommendation of the Committee. The motion passed unanimously (4-0 vote).

NOTE: Commissioner Zvanski arrived at this time.

7. REPORT OF RATES AND BENEFITS COMMITTEE

Commissioner Krueger reported that the Committee met on December 8th and had three items on its agenda:

a. Consideration of a proposed change to Charter Section 8.423 involving the City's contribution to the Health Service System. Our actuaries feel the data produced by the current formula is stale data which penalizes City employees and the System. It was resolved to meet with the City Attorney on what could be done under the existing charter language with the option of proposing a Charter change for November, 1989 as a possible alternative (Informational item only).

7. REPORT OF RATES AND BENEFITS COMMITTEE (cont'd.)

b. PPO strategy for 1989-90 - It was decided to take a pro-active strategy with PPO providers by starting the renegotiation progress early and communicating our fiscal problems to them while at the same time showing a willingness to look at each situation on an individual basis. (Informational Item only)

c. Request for PPO participation received from a physical therapy provider network (Northern California Physical Therapy Associates) and an individual psychologist are recommended to not be approved at this time. Commissioner Krueger made a motion, which was seconded, to adopt this recommendation. The motion passed unanimously (5-0 vote).

8. OLD BUSINESS -

a. Relocation of Health Service System

Mr. Smith reported that it is definite that the Real Estate Department will attempt to move the Health Service System to 1155 Market Street. The next step, which probably won't occur until after the new year, would be space planning. The issue of using the Retirement System's Board Room must also be resolved before moving ahead on space planning. (Informational Item only)

b. Status Report on Cafeteria Plan -

Mr. Smith reported that initial premium deductions for City employees were taken on the December 6, 1988 paycheck and on the December 1st retirement pension checks. New benefit coverages started December 1, 1988.

Colonial representatives have been taking problem reports from City employees on payroll deduction or coverage problems and are working on resolving discrepancies.

There have been some transitional problems including about 2,000 Safeguard participants who didn't get converted to pre-tax on the December 6, 1988 paycheck.

Preliminary statistics indicate about 89% of eligible employees participated. There are currently 1,573 Colonial Dental enrollees, 2,213 DentiCare enrollees and 5,005 Colonial Disability enrollees.

c. Hospital Contract Renewal with Alta Bates Hospital

Commissioner Paretchan made a motion, which was seconded, to approve the contract with Alta Bates Hospital (Exhibit 'B'). The motion passed unimously (5-0 vote).

9. NEW BUSINESS

a. Reconsideration of Amendment to the St. Luke's Hospital Contract (Exhibit 'C')

After comments by Mr. Walter Kopp of St.Luke's Hospital and discussion of the issue, Commissioner Zvanski made a motion, which was seconded, to give St. Luke's a 5 1/2 % increase effective January 1st with the contract being subject to renegotiation as with all other hospitals on July 1st. The motion failed (2-3 vote- Bernstein, Deignan, Paretchan).

A motion was made by Commissioner Deignan, which was seconded, to approve a 4% rate increase effective January 1st with the hospital participating in renegotiations with the other hospitals. The motion passed (3-2 vote-Bernstein, Paretchan).

10. EXECUTIVE DIRECTOR'S REPORT - Mr. Smith reported the following:

a. The outstanding claim count stood at 2,060 or about 2.7 days backlog of claims.

b. The Investment Report (Exhibit 'D') was presented to the Board covering through the month of October.

c. A copy of the executed Section 125 Plan Document was provided to each Board member.

d. The prescription drug audit is progressing with Lindquist & Co. receiving source documents requested from Paid on December 7th. The source documents will be audited next week with a subsequent site visit to the Health Service System to test eligibility and dependent coverage. The audit is expected to be completed sometime in January.

e. A study provided by the Mayor's office on the issue of extending health insurance to significant others was presented to the Board. This issue will probably be taken up early next year by the Board of Supervisors.

f. The Mayor's office has indicated that a new Board member will be appointed in December or January.

11. ANNOUNCEMENTS -

a. The Board set the Annual Meeting for January 10, 1989 to follow the regular Board Meeting on that date.

12. ADJOURNMENT -

There being no further business , President Bernstein adjourned the meeting at 5:16 P.M.

Randall B. Smith

RANDALL B. SMITH
EXECUTIVE DIRECTOR

REPORT BY ACTUARY ON CASH BASIS FOR THE DECEMBER 13, 1988
MEETING OF THE HEALTH SERVICE BOARD

PLAN I

Experience for the period July 1, 1988 through November 30, 1988

	CONTRIBUTIONS	CLAIMS	LOSS RATIO FOR MONTH	LOSS RATIO CUMULATIVE
(1) MEDICAL BENEFITS				
Active Employees	$ 4,565,639	$ 4,785,579	128%	105%
Retired Employees (NM)	1,950,840	1,531,251	75	78
Retired Employees (M)	1,574,108	1,023,943	44	65
Adult Dependents (NM)	2,141,436	2,207,311	94	103
Adult Dependents (M)	251,324	224,625	86	89
Minor Dependents	1,151,314[a]	1,262,989	89	110
TOTAL	$ 11,634,661	$ 11,035,697	96%	95%
(2) PRESCRIPTION DRUG BENEFIT				
Active Employees	$ 533,262	$ 661,500	104%	124%
Retired Employees (NM)	260,513	276,562	75	106
Retired Employees (M)	751,509	730,064	82	97
TOTAL	$ 1,545,284	$ 1,668,126	88%	108%
(3) VISION CARE COVERAGES				
Active Employees	$ 192,160	$ 221,063	112%	115%
Retired Employees (NM)	52,195	55,201	106	106
Retired Employees (M)	145,257	101,646	75	70
TOTAL	$ 389,612	$ 377,910	97%	97%
(4) ALL COVERAGES				
Active Employees	$ 5,291,061	$ 5,668,142	125%	107%
Retired Employees (NM)	2,263,548	1,863,014	75	82
Retired Employees (M)	2,470,874	1,855,653	57	75
Adult Dependents (NM)	2,141,436	2,207,311	94	103
Adult Dependents (M)	251,324	224,625	86	89
Minor Dependents	1,151,314	1,262,989	89	110
TOTAL	$ 13,569,557	$ 13,081,732	95%	96%

[a] Includes $250,000 of interest subsidy.

ITEM NO. 8c - HOSPITAL CONTRACT WITH ALTA BATES HOSPITAL

This hospital has submitted a letter (enclosed) explaining its position.

Alta Bates makes a good case in that the patient volume generated to them is minimal. We paid Alta Bates about $182,000 during the 1987-88 fiscal year which translated into payment of about 49% of billed charges.

If the rates proposed by this hospital were accepted, contract payments would increase approximately $27,000 in 1988-89 which translates to about 56% of billed charges paid provided the bed type mix remains fairly stable. The overall rate increase would approximate 15%.

	Admissions	Days	Contract Payment
Non-Medicare	31	156	$ 126,021
Medicare	3	11	1,620
			$ 127,641
Outpatient			55,021
			$ 182,662

Recommendation: Approve the proposed rates. Although Alta Bates exceeds the Board's guideline cap of 10% for hospitals outside the City, the hospital's position is rational and a 44% discount from billed charges is significant. It is recommended that the stop loss provision not commence until charges exceed $25,000 instead of a 25% discount for any admission exceeding $25,000.

Board Action: Offer Alta Bates Hospital an eleven percent increase (4-1 Krueger). 11/8/88

Alta Bates Hospital will accept the Board's eleven (11) percent increase proposal.

Board Action: Approve Contract (5-0 vote) 12/13/88

EXHIBIT "C"

ITEM NO. 9a - RECONSIDERATION OF AMENDMENT TO ST. LUKE'S HOSPITAL CONTRACT

BOARD ACTION: Approve an increase of four (4) percent effective January 1, 1989 (3-2 vote, Bernstein, Paretchan). 12/13/88

STAFF RECOMMENDATION: Approve St. Luke's requested rate increase effective October 1, 1988. The net result assuming average admission census April through September 1988 and October through June 30, 1989 would be an annual 10.2% cost increase. In addition, St. Luke's should agree to the 10% rate cap for the 1989-90 fiscal year shown in their proposal.

COMMITTEE RECOMMENDATION: Forward to Full Board with no recommendation.

The current situation is that St. Luke's has requested an average 17% increase as of July 1, 1988. The terms of the initial agreement which ended March 31, 1988 provide that St. Luke's may request an increase of up to 7.5% in the existing rates. Therefore, the Board should take one of the following actions:

1) Approve St. Luke's request.

2) Continue the agreement as is and let the Board of Directors of St. Luke's respond,

3) Allow the 7.5% increase or a lesser percentage to the agreement and again let the Board of Directors of St. Luke's respond, or

4) Adopt staff recommendation which is a compromise between St. Luke's request and the increase allowed by the agreement.

BOARD ACTION: Continue Agreement as is (3-1 Zvanski) (9/15/88)

EXHIBIT "D"

HEALTH SERVICE SYSTEM TRUST FUND
As of October 31, 1988

POOLED CASH INVESTMENT REPORT

	CASH BALANCE AS OF MONTH END		POOLED CASH AVG. CURRENT YIELD		INTEREST EARNED TO DATE		
	1987-88	1988-89	1987-88	1988-89	1987-88	1988-89 MONTH	1988-89 YTD
ULY	$12,904,049	$8,232,070	8.29%	9.02%	$89,195.95	$ 62,122.87	$ 62,122.87
UGUST	15,603,058	9,702,951	8.08	10.01	194,771.78	81,803.48	143,926.35
EPTEMBER	11,125,041	14,637,152	9.34	8.00	282,247.45	98,094.54	242,020.89
CTOBER	16,837,733	11,100,207	9.74	9.02	419,903.21	83,955.11	325,976.00
OVEMBER	8,389.910		9.55		480,303.51		
ECEMBER	8,148.882		7.89		534,383.27		
ANUARY	8,905,145		9.32		604,527.62		
EBRUARY	8,104,166		.8.53		662,188.01		
ARCH	11,454,792		8.96		748,060.55		
PRIL	9,648,026		7.27		807.036.16		
AY	8,674,294		7.50		861,253.11		
UNE	8,654,246		8.24		921,086.04		

12/7/88
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